STATE TAX UNIVERSITY

FACULTY OF SOCIAL AND HUMANITARIAN TECHNOLOGIES, SPORTS AND REHABILITATION
DEPARTMENT OF FOREIGN LANGUAGES

24th ALL-UKRAINIAN STUDENTS'
SCIENTIFIC AND PRACTICAL INTERNET CONFERENCE

«LEGAL, ECONOMIC AND SOCIO-CULTURAL FOUNDATIONS OF SOCIETY DEVELOPMENT: MODERN REALITIES AND CHALLENGES»

April 11, 2025
Irpin

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L 49 **Legal, economic and socio-cultural foundations of society development: modern realities and challenges** [Електронне видання] : збірник тез за матеріалами XXIV Всеукраїнської студентської науково-практичної інтернет-конференції, м. Ірпінь, 11 квітня 2025 р. – Ірпінь : Державний податковий університет, 2025. – 186 с. – PDF-формат ; мережеве видання ; інституційний репозитарій.
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Збірник наукових праць містить тези доповідей учасників Всеукраїнської студентської науково-практичної інтернет-конференції *«Правові, економічні та соціокультурні основи розвитку суспільства: сучасні реалії та виклики»*, яка відбулася 11 квітня 2025 року. Організаторами заходу виступили Державний податковий університет, Київський національний університет імені Тараса Шевченка та Державний університет «Київський авіаційний інститут».

Тематика конференції охоплює актуальні проблеми сучасного суспільного розвитку, зокрема правові, економічні, фінансові, соціокультурні та цифрові аспекти трансформацій, що відбуваються в Україні та світі.

Актуальність збірника визначається потребою в науковому осмисленні викликів сьогодення, які постають перед державою та суспільством у контексті глобалізаційних процесів, реформуванні ключових сфер життєдіяльності, зміні соціальних пріоритетів і зростанні ролі інноваційних технологій. Представлені студентські роботи зазначаються міждисциплінарним характером, поєднанням результатів теоретичних і практико-орієнтованих досліджень, науковою новизною та прикладною значущістю.

Збірник має не лише наукову, а й освітню цінність. Він може бути використаний як додаткове джерело для поглибленого вивчення актуальних проблем права, економіки, соціології, культурології та цифрових технологій, а також у практичній підготовці здобувачів вищої освіти.

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CONFERENCE AGENDA

Date – April 11, 2025
Time – 10.00 – 13.00
GOOGLE MEET REGISTRATION
https://meet.google.com/odg-yxkd-qak

Welcome Remarks:

Oleksandra Smirnova, Vice-Rector for Scientific Work, PhD, Associate Professor

Nataliia Zykun, Dean of the Faculty of Social and Humanitarian Technologies, Sports and Rehabilitation, Doctor of Social Communications, Professor

Liudmyla Volkova, PhD, Associate Professor, Head of the Department of Foreign Languages

Moderator: Oles Lahovskyi, Faculty of Finance and Digital Technologies

<u>Time limit:</u>
Students' presentations – up to 5 min.
Discussion or questions – up to 3 min.

PRESENTATION OF REPORTS

1. ***Skrypets Vladyslav*** *LANGUAGE AS A TOOL FOR SHAPING PUBLIC LEGAL CONSCIOUSNESS Language advisor – L. V. Volkova, State Tax University*
2. ***Lashchenko Anton*** *DIGITAL SOCIETY: IMPACTS AND SOLUTIONS Language advisor – L. V. Volkova, State Tax University*
3. **Panchenko Vladyslav** DIGITALIZATION IN ROAD SAFETY ANALYTICS *Language advisor – A. I. Chorna, State Tax University*
4. ***Kochubei Alina*** *DIGITALIZATION AND INNOVATION IN LEGAL SERVICES AND GOVERNANCE Language advisor – A. I. Chorna, State Tax University*
5. ***Yeva Leim*** *DIGITAL TRANSFORMATIONS IN THE BANKING SECTOR: CHALLENGES AND PROSPECTS FOR INNOVATION Language advisor – A. I. Chorna, State Tax University*
6. ***Kozlov Yevhen*** *INTRODUCTION OF THE EXCHANGE OF TAX RULINGS AS ONE OF THE ELEMENTS OF INCREASING TAX TRANSPARENCY Language advisor – L. V. Onuchak, State Tax University*
7. ***Reznik Veronika*** *FEATURES OF APPLYING DOUBLE TAXATION AVOIDANCE TREATIES BETWEEN UKRAINE AND EU COUNTRIES Language advisor – L. V. Onuchak, State Tax University*
8. ***Rudenko Yuliia*** *ECONOMIC POLICY OF UKRAINE DURING THE MARTIAL LAW Language advisor – L. V. Onuchak, State Tax University*
9. ***Didkivska Karyna*** *TAX POLICY OF UKRAINE UNDER MARTIAL LAW Language advisor – L. V. Onuchak, State Tax University*
10. ***Kovalchuk Oksana*** *FINANCIAL REFORMS: KEY DIRECTIONS AND IMPACT ON THE ECONOMY OF UKRAINE Language advisor – L. V. Volkova, State Tax University*
11. ***Efimova Dariya*** *IMPROVEMENT OF THE CUSTOMS SYSTEM IN FINLAND Language advisor – A. P. Savchenko, State Tax University*
12. ***Drachuk Bohdan*** *REFORMS IN THE FIELD OF FINANCE AND TAXATION AND THEIR IMPACT ON THE ECONOMIC SECURITY OF THE STATE Language advisor – L. V. Volkova, State Tax University*
13. ***Vakhovska Alisa*** *ELECTRONIC FISCAL SOLUTIONS AND SMART CONTRACTS IN PUBLIC PROCUREMENT Language advisor – L. V. Volkova, State Tax University*
14. ***Herasimchuk Anna*** *BLOCKCHAIN AND CRYPTOCURRENCIES: THE FUTURE OF FINANCIAL TECHNOLOGY Language advisor – L.V. Volkova, State Tax University*
15. ***Hudzenko Uliana*** *REFORMS IN THE FIELD OF FINANCE AND TAXATION AND THEIR IMPACT ON THE ECONOMIC SECURITY OF THE STATE Language advisor – T. M. Ruzhenska, State Tax University*
16. ***Moroz Olga*** *FINANCIAL SECURITY Language advisor – T. M. Ruzhenska, State Tax University*
17. ***Baikova Oleksandra*** *POLISH REFORMS IN THE FINANCIAL SECTOR Language adviser – A. Savchenko, State Tax University*

18. ***Bedinova Dasha*** *LANGUAGE AS A TOOL OF SOCIAL AND POLITICAL INFLUENCE Language advisor – L. I. Vdovenko, State Tax University*
19. ***Makeyenko Alina*** *THE ROLE OF ONLINE TRANSLATION TOOLS AND THEIR IMPACT ON LANGUAGE ACCURACY Language advisor – L. I. Vdovenko, State Tax University*
20. ***Byshovets Maryna*** *IMPACT OF MARTIAL LAW ON THE ECONOMIC SYSTEM OF UKRAINE Language advisor – L. V. Onuchak, State Tax University*
21. ***Bondarenko Anna*** *DETINIZATION OF THE ECONOMY THROUGH TAX REFORMS Language advisor – L. V. Onuchak, State Tax University*
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SECTION 1
WORLDVIEW AND SOCIOCULTURAL FOUNDATIONS OF SOCIETAL DEVELOPMENT

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PROBLEMS OF ENGLISH LANGUAGE INTEGRATION IN UKRAINE AND ITS ECONOMIC IMPACT

English language proficiency plays a crucial role in global economic competitiveness. As Ukraine aspires to strengthen its ties with Western economies and integrate more deeply into global markets, the importance of English has grown significantly. However, the process of integrating English into Ukraine's educational system, workforce, and public life is fraught with challenges. These difficulties hinder economic development, restrict foreign investment, and slow the country's adaptation to international trade standards.

One of the primary barriers to English integration in Ukraine lies within the education system. Traditionally, the focus has been on the Ukrainian language, leaving English as a secondary subject. The lack of qualified English teachers, especially in rural areas, results in uneven learning outcomes, while outdated curricula and ineffective teaching methods fail to equip students with practical language skills essential for the modern economy.

Beyond the education system, English proficiency within the workforce remains a significant issue. Many professionals struggle with English communication, limiting their ability to engage with international markets. This is particularly evident in key industries such as IT, finance, and tourism, where a lack of language skills reduces competitiveness on a global scale. Companies, in turn, are forced to invest in additional language training for employees, which adds to operational costs and places further strain on businesses.

The economic implications of these language barriers are evident in foreign investment and business operations. Many multinational corporations hesitate to establish a presence in Ukraine due to the difficulty of finding English-speaking employees. Small and medium-sized enterprises (SMEs), which form the backbone of the Ukrainian economy, struggle to expand internationally due to their limited English proficiency. Ineffective communication with international partners results in missed business opportunities and inefficiencies in trade.

Another challenge is the lack of comprehensive government policies to support English integration. While some initiatives have been introduced to promote English learning, they often lack structure and long-term vision. Insufficient funding for language programs in public schools and universities further restricts access to quality English education. Additionally, bureaucratic and legal processes are largely conducted in Ukrainian, making it difficult for non-Ukrainian speakers to navigate the system and engage in business activities.

The economic consequences of poor English integration are significant. Countries with higher English proficiency tend to attract more foreign direct investment (FDI), as multinational corporations seek a workforce capable of international collaboration. Ukraine's struggle with English fluency may deter investors, slowing economic growth.

Furthermore, industries that rely heavily on English proficiency, such as IT, face potential stagnation. Ukraine's IT sector, which has become a crucial part of the economy, depends on outsourcing and collaboration with global partners. Limited English skills among professionals could hinder the sector's ability to compete on an international level. Similarly, the tourism industry suffers from the limited English capabilities of service providers, making Ukraine less attractive to international visitors.

The lack of English proficiency also affects employment competitiveness. Ukrainian professionals may find it more difficult to secure jobs with international companies, leading to lower wages and fewer career advancement opportunities. The inability of businesses to integrate English into their operations makes it harder for them to participate in global supply chains, limiting their expansion potential.

Addressing these challenges requires targeted efforts in education reform, workforce development, and government policies. The education system must implement modern English-teaching methodologies and expand access to language-learning resources. Investing in teacher training programs and promoting language immersion initiatives can improve learning outcomes and ensure that students acquire practical English skills.

In the workforce, businesses should be encouraged to offer English training programs for employees. Collaborations with international organizations can help bridge the language gap in key industries. Additionally, the government must take a proactive role by establishing a national English proficiency strategy with clear, measurable goals. Providing incentives for businesses that prioritize English training can further support integration efforts.

In conclusion, the integration of the English language in Ukraine is essential for economic growth, global competitiveness, and increased foreign investment. Addressing the challenges of English proficiency through education reform, workforce training, and supportive government policies can significantly enhance Ukraine's economic prospects. Without proactive measures, the country risks falling behind in an increasingly interconnected global economy, limiting opportunities for both businesses and individuals.

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THE IMPACT OF SOCIAL MEDIA ON LEGAL DISCOURSE AND PUBLIC DEBATE

Social media has changed the way people communicate and share opinions. It has also had a significant impact on legal discourse and public debate. Today, platforms like Facebook, Twitter (resent naming «X»), and Instagram play an important role in shaping discussions on laws, policies, and social issues. One major impact of social media on legal discourse is accessibility. In the past, legal discussions were mostly limited to courtrooms, universities, and expert panels. Now, social media allows ordinary people to take part in conversations about laws and justice. This helps spread awareness about important legal matters. For example, many people learn about new laws or human rights issues through posts and discussions online.

Another impact is the speed at which information spreads. In the digital age, legal cases and social issues can become viral within hours. This can bring more attention to important cases, but it can also lead to misinformation. Sometimes, people share legal opinions without full knowledge, which can create confusion. Also, public pressure from social media can influence legal decisions, making them more about popularity than justice (Smith, 2022).

Furthermore, social media has changed how public debates take place. It allows for open discussions where people from different backgrounds can share their opinions. However, it also creates challenges. Online debates often become too emotional, and people do not always respect different viewpoints. This can lead to conflicts instead of productive discussions (Jones & Taylor, 2021).

Another problem is the rise of "cancel culture." If someone expresses an unpopular legal or political opinion, they may face online backlash. This can discourage open debates and make people afraid to speak freely. In democratic societies, freedom of speech is very important, so this is a serious issue (Williams, 2020).

On the other hand, social media can help legal professionals and activists raise awareness about important issues. Many organizations use social media to promote justice, equality, and legal reforms. Campaigns like #MeToo and #BlackLivesMatter have shown how powerful online activism can be (Brown & Green, 2019).

In conclusion, social media has both positive and negative effects on legal discourse and public debate. It makes legal discussions more accessible and raises awareness, but it also spreads misinformation and encourages emotional reactions. To use social media effectively, people should think critically and check their sources before sharing legal opinions. This way, social media can remain a valuable tool for public debate and justice.

Nowadays, we can see the powerful impact of social media in spreading awareness about the consequences of Russia's invasion of Ukraine. Photos and videos taken by eyewitnesses circulate through social platforms, ensuring that the world does not forget about the events in Ukraine. Fundraising campaigns to support the Armed Forces of Ukraine are also organized and promoted through social networks, demonstrating the immense influence individuals can have from behind their screens. Moreover, social media has become a tool for real-time reporting, allowing journalists, activists, and ordinary citizens to share updates directly from conflict zones. This rapid flow of information not only informs the global community but also helps counter disinformation. Online activism plays a crucial role in mobilizing international support, influencing political decisions, and keeping the war's reality visible in global discourse.

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THE IMPACT OF EDUCATION ON CONTEMPORARY POLITICAL CULTURE IN UKRAINE

Political culture refers to the shared political beliefs and attitudes within a nation or group, influencing how a country interacts with others in international relations and societal comparisons. It also shapes citizens' approval or disapproval of their government, potentially leading to support for or opposition to the system. In cases of totalitarian rule, this can result in either compliance or resistance. Within a country, political culture fosters the development of party systems and is closely tied to an individual's social standing.

When discussing the formation of political and legal culture in Ukraine, two key issues emerge. First, Ukrainian politicians must grasp the fundamental principles that underpin a democratic society. Second, it is essential to cultivate a value system that enables citizens to navigate contemporary political processes effectively. Many Ukrainians remain disoriented, as the old value system has been dismantled while a new one has yet to fully emerge. Among these values, freedom is paramount. Unfortunately, Ukrainian politicians seldom emphasize freedom as a priority in their political agendas, nor do they commit to safeguarding it.

The study of political culture formation is a crucial issue requiring significant attention. Education plays a decisive role in shaping the public's worldview. Alongside family values, it serves as a fundamental factor in developing an individual's moral and political stance. Consequently, the responsibility for fostering political culture does not solely rest with state institutions but also with education, art, and culture. During school and university years, individuals' worldviews are still in the process of formation. It is difficult to alter the perspectives of adults with established moral convictions, as their life experiences reinforce their beliefs. However, young people's political and moral understanding is a "blank slate", allowing the state to play an educational role. If societal change is the goal, the focus must be on shaping the next generation.

At this stage of Ukraine's development, many of the political system's shortcomings stem from an underdeveloped political culture. As established, educational reform is a logical step toward addressing this issue. By implementing effective changes in the education system, the state can nurture a new generation of citizens with a strong sense of national identity. This, in turn, will contribute to raising the level of political culture. Through studying social sciences, future voters gain the ability to analyze their surroundings, draw comparisons from historical events, and make informed, long-term decisions. Another advantage of this approach is the development of a historical worldview, representing a high level of civic maturity. These skills will be crucial in ensuring rational political choices, ultimately contributing to the nation's prosperity and well-being.

In conclusion, political culture is a fundamental factor in a state's success. Addressing its development is particularly relevant for modern Ukraine, and the most promising path to improving political culture lies in reforming the education system. Unfortunately, transforming the perspectives of those with extensive life experience is unlikely, as their political and moral views are deeply ingrained. Thus, while education reform may not yield immediate results - something unrealistic in the current context - it offers hope for cultivating a new generation of informed and engaged citizens.

Ukraine cannot develop a strong political and legal culture without embracing the wisdom of global political and philosophical thought, as well as the intellectual heritage of figures like Mykhailo Hrushevskyi, Hryhorii Skovoroda, and Volodymyr Vynnychenko. Active participation in political processes is crucial, but participants must be well-informed and understand the purpose behind their involvement.

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CONTEMPORARY STYLE CLASSIFICATIONS AND PRIMARY FUNCTIONAL STYLES

The importance of this article lies in its exploration of modern classifications of styles and main functional styles in language. Understanding these concepts is crucial for several reasons. Firstly, it enhances our comprehension of how language functions in different contexts. By studying various styles, from formal to colloquial, we gain insights into how language adapts to suit specific communicative purposes and audiences. This knowledge is invaluable for effective communication in professional, academic, social, and creative settings. Secondly, the study of functional styles aids in language learning and teaching. Language learners benefit from exposure to diverse styles as it helps them develop linguistic flexibility and communicative competence. Educators can use this knowledge to design language curricula that encompass a range of styles, catering to the needs and interests of learners.

Furthermore, an understanding of modern classifications of styles contributes to linguistic research and theory. It allows linguists to analyze language variation, register, discourse strategies, and sociolinguistic factors that influence language use. This research is essential for advancing our understanding of how language evolves, adapts, and functions in contemporary society. Practically, knowledge of functional styles is essential in professional and academic contexts. It informs writing styles for different purposes such as business communication, academic writing, technical documentation, creative writing, and more. Mastery of various styles enables individuals to communicate effectively, tailor their language to specific audiences, and achieve their communicative goals.

In summary, this work on modern classifications of styles and functional styles in language is significant for its contributions to language understanding, learning, teaching, research, and effective communication across diverse contexts.

Key Aspects of Modern Classifications of Styles

1. The study of modern classifications of styles in language focuses on categorizing linguistic expressions based on their functions and purposes.

2. Functional styles refer to specific ways of using language that are influenced by social context, audience, and communicative goals.

3. These styles serve various functions such as informative, persuasive, expressive, and transactional communication.

4. One key aspect of modern classifications is the differentiation between formal and informal language styles.

5. Formal styles are often used in professional settings, academic discourse, or official documents, characterized by complex syntax and specialized vocabulary.

6. Informal styles, on the other hand, are more casual and conversational, often found in everyday interactions and informal writing.

7. Functional styles also vary across different domains such as technical, scientific, literary, and colloquial language.

8. Technical styles are precise and specialized, used in fields like engineering, medicine.

9. Scientific styles emphasize clarity, objectivity, and accuracy in conveying research findings and theories.

10. Literary styles encompass various genres and artistic expressions, focusing on creativity, imagery, and emotional impact.

11. Colloquial styles reflect regional dialects, slang, and informal speech patterns used in everyday conversations.

12. The classification of styles is dynamic and influenced by linguistic trends, cultural shifts, and technological advancements.

13. Digital communication platforms have introduced new styles like internet slang, emojis, and abbreviated language.

14. Understanding functional styles is essential for effective communication in diverse contexts and audiences.

15. Linguists and language educators study these styles to analyze language variation, register, and discourse strategies.

16. Sociolinguistic factors such as age, gender, ethnicity, and social status can also influence style choices in language use.

17. Language learners benefit from exposure to a range of functional styles to develop communicative competence.

18. Language policies and standards often prescribe appropriate styles for different communicative situations.

19. Research in modern classifications of styles contributes to linguistic theory, sociolinguistics, and applied linguistics fields.

20. Overall, the study of functional styles enhances our understanding of language variation, pragmatics, and effective communication strategies.

This overview provides a glimpse into the multifaceted nature of modern classifications of styles in language, encompassing various linguistic dimensions and socio-cultural influences. The exploration of modern classifications of styles and main functional styles in language reveals the dynamic nature of language use and communication. Through this study, several key conclusions can be drawn. Firstly, the diversity of functional styles reflects the multifaceted nature of human communication. From formal to informal, technical to literary, and colloquial to professional, these styles serve specific purposes and adapt to various social contexts. Secondly, the classification of styles is essential for understanding language variation and register. Each style carries its own linguistic features, vocabulary, syntax, and tone, tailored to meet the communicative needs of different situations and audiences. Moreover, the study of functional styles is crucial for language learners and educators. Exposure to a range of styles enhances communicative competence, linguistic flexibility, and cultural awareness. Educators can design effective language curricula that incorporate diverse styles to meet the needs of learners in different contexts.

In conclusion, the study of modern classifications of styles and functional styles in language is instrumental in enhancing communication skills, promoting language learning, advancing linguistic research, and fostering effective communication across different contexts and audiences.

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TRADITIONAL AND MODERN VALUES: CONFLICT OR HARMONY?

In today's rapidly changing world, the debate over traditional and modern values remains one of the most pressing social and cultural discussions. Traditional values serve as the foundation of cultural identity, shaping family structures, ethics, and social norms. Meanwhile, modern values emphasize individual freedoms, technological advancements, and progressive societal changes. This raises a crucial question: are traditional and modern values inherently in conflict, or can they coexist in harmony?

Traditional values are deeply rooted in history, often linked to religious beliefs, family structures, and community-based living. They emphasize respect for authority, loyalty to cultural heritage, and a sense of duty to one's family and society. Examples include:

- Family-centered values – prioritizing strong family bonds, filial piety, and intergenerational responsibility.
- Religious and moral principles – adherence to faith-based ethics and customs.
- Patriarchal social structures – traditional gender roles and defined responsibilities within a household or community.

In contrast, modern values are driven by social progress, globalization, and technological innovation. These values prioritize individual rights, equality, and freedom of expression. Key aspects include:

- Human rights and equality – gender equality, racial and cultural diversity.
- Technological progress – adapting lifestyles to digital transformation, artificial intelligence, and global connectivity.
- Personal autonomy – the right to make independent life choices regarding education, marriage, career, and identity.

The Conflict Between Tradition and Modernity. Despite their unique benefits, traditional and modern values often clash, leading to social tensions and generational divides. Some key areas of conflict include:

- Generational divide. Older generations may perceive modern values as a threat to cultural heritage, while younger generations may view traditions as outdated or restrictive.
- Gender roles and family structures. The rise of gender equality and career-oriented lifestyles sometimes contradicts traditional expectations of family life and gender roles.
- Religious beliefs vs. Secularism. In some societies, religious traditions may oppose modern ideas about gender identity, reproductive rights, and freedom of speech.

- Globalization and cultural erosion. The spread of Western ideals through media, technology, and education may weaken local traditions and values, leading to concerns about cultural homogenization.

Paths to Harmonizing Traditional and Modern Values. While conflicts exist, societies around the world are finding ways to balance tradition with modernity. The key lies in flexibility, adaptation, and open dialogue. Some strategies include:

- Cultural adaptation. Many traditions evolve without losing their core meaning. For example, arranged marriages have transformed into modern matchmaking practices in some cultures.
- Intergenerational dialogue. Encouraging discussions between older and younger generations can help preserve traditions while making space for progressive changes.
- Legislative and social reforms. Governments and institutions can establish laws that respect traditional values while promoting inclusivity and modern freedoms.
- Education and media literacy – Schools and universities can integrate cultural education with modern critical thinking, helping individuals appreciate both perspectives.

Global Examples of Traditional and Modern Values Coexisting. Many societies have successfully blended their cultural traditions with contemporary lifestyles:

- Japan is ne of the best examples of a country that preserves its ancient traditions (Shinto and Buddhist rituals, tea ceremonies) while embracing technological progress and modernization.
- Scandinavian countries. These nations have strong democratic systems and gender equality while maintaining cultural traditions like folk celebrations and environmental consciousness.
- India. Despite being deeply rooted in religious and family values, India has embraced technological innovation and urbanization while preserving its rich cultural heritage.
- Ukraine. The country has seen a revival of national traditions, folk music, and language preservation while actively integrating into European political and social structures.

The Role of Individuals and Society in Maintaining Balance. Finding harmony between traditional and modern values requires active participation from individuals, communities, and policymakers. Here's how:

- Respect for diversity. Recognizing that both traditional and modern perspectives have value.
- Selective adaptation. Keeping meaningful traditions while discarding harmful or outdated practices.
- Open-mindedness. Engaging in discussions that promote understanding rather than division.
- Innovation within tradition. Using technology to document and revive traditions in new ways, such as digital storytelling or online cultural platforms.

Conclusion. The conflict between traditional and modern values is inevitable, but it does not have to be destructive. Societies that successfully balance these forces create a dynamic and progressive environment where heritage is respected, and progress is embraced. Instead of choosing one over the other, the key lies in dialogue, adaptation, and mutual respect. By finding harmony between tradition and modernity, humanity can ensure a future that is both culturally rich and forward-thinking.

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WORLDVIEW AND SOCIOCULTURAL FOUNDATIONS OF SOCIETY'S DEVELOPMENT THROUGH SPORTS

Sports are not just physical activity; they are a significant social phenomenon that influences cultural, political, and economic aspects of society. Sports have the power to integrate different social groups, foster intercultural dialogue, and create new forms of identity. As highlighted in the study. "The Integrative Role of Sport in Multicultural Societies", sports play a key role in overcoming social barriers and building a multicultural society. They help people from different backgrounds find common ground, develop tolerance, and strengthen social bonds.

For instance, international sporting events such as the Olympic Games or the FIFA World Cup are not only competitions but also platforms for cultural exchange. They demonstrate that regardless of nationality or religion, shared values–honesty, teamwork, and respect - can unite people. Sports teach individuals discipline, responsibility, and teamwork. As researchers suggest, they serve as a tool for socialization, especially among young people. Sports clubs and training programs not only improve physical fitness but also cultivate a culture of interaction and motivate self-improvement. Moreover, sports play a crucial role in integrating migrants and ethnic minorities. In many countries, sports events help new residents find their place in society, breaking down language and cultural barriers.

Competitions between national teams or the success of individual athletes on the international stage become a source of pride for nations. This is especially relevant for countries undergoing crises or striving to assert themselves globally. As mentioned in the selected source, sports can serve as a tool for strengthening collective identity and uniting societies around shared symbols.

A clear example is the victories of Ukrainian athletes in international tournaments. When Ukrainian athletes win gold medals, it is not just a sporting achievement - it is a moment when millions of people feel national pride. Throughout history, sports have played a role in driving broader social movements.

- Breaking racial barriers: Jackie Robinson's debut in Major League Baseball in 1947 shattered racial segregation in American sports, paving the way for civil rights.
- Promoting gender equality: The rise of women's sports has challenged traditional gender roles. Athletes like Serena Williams and Megan Rapinoe have used their platforms to advocate for equal pay and representation.
- Empowering marginalized communities*:* The Paralympic Games demonstrate that disability is not a limitation but an opportunity for excellence, changing global perceptions of people with disabilities.

The connection between sports and activism is becoming even more apparent in today's world. Movements such as "Black Lives Matter" and "Equal Pay for Women" have been strongly supported by athletes, showing how sports figures are not just competitors but also influential voices in social justice.

Sports are not only about external social change; they also shape the well-being of individuals. Studies show that participation in sports improves mental health, reduces stress, and fosters emotional resilience. The physical benefits - improved cardiovascular health, better strength, and increased longevity – are well known, but the psychological impact is equally profound. Team sports, in particular, promote social bonding and a sense of belonging, reducing loneliness and depression. Individual sports, such as running or swimming, help develop self-discipline and a growth mindset, encouraging people to set and achieve personal goals.

Conclusion: Sports play a vital role in the social development of society. They contribute to integration, personal growth, and the formation of a strong national identity. Research shows that aspects of sports such as cooperation, mutual respect, and competitiveness are fundamental to the harmonious development of multicultural communities. Thus, sports are not just a game or competition but a mechanism for social change that promotes the development of society on a global scale.

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WORLDVIEW AND SOCIOCULTURAL FOUNDATIONS OF SOCIETAL DEVELOPMENT

The development of any society is deeply rooted in its worldview and sociocultural foundations. A worldview represents the collective understanding of reality, values, and beliefs that shape how individuals and communities perceive the world and their place within it. These perspectives, in turn, influence social norms, behaviors, institutions, and long-term developmental trajectories. Sociocultural factors–such as traditions, language, religion, education, and shared historical experiences–form the backbone of a society's identity and play a crucial role in guiding social cohesion, innovation, and progress. By examining the interplay between worldview and sociocultural dynamics, we gain a deeper understanding of the mechanisms that drive societal transformation and the sustainability of development in diverse cultural contexts.

A worldview is not merely a set of ideas about the surrounding reality, but a complex system of values that influence the thinking, behavior, and life priorities of both individuals and society as a whole. Its formation depends on many factors: upbringing, education, environment, culture, religion, and others. Within a society, the worldview determines the dominant concepts of good and evil, justice, and the meaning of life. Each historical era is characterized by a specific type of worldview. For example, in traditional societies, religious ideas prevailed, whereas in the modern world, scientific and technological progress came to the forefront. This development shows that without a profound worldview foundation, it is impossible to build a stable and conscious society.

The history of humanity is a history of changes in ways of thinking. Since ancient times, people have tried to explain the world through myths and legends. These beliefs reflected attempts to rationalize the unknown phenomena of nature and social life. Over time, with the development of philosophy, abstract concepts of existence, human nature, and morality began to emerge.

The Middle Ages marked the dominance of a religious worldview, which influenced not only personal life but also politics, science, and culture. During the Modern Age, a rationalist approach to understanding the world emerged, contributing to the development of science, technology, and social progress. In contemporary times, we observe a synthesis of various worldview models, including ecological, humanistic, and postmodern perspectives.

Culture is not only associated with art or literature but is a deep layer of traditions, norms, and customs passed down from generation to generation. Through culture, we recognize ourselves as part of a community, a nation, a civilization. It ensures not only the preservation of memory but also adaptation to new living conditions. Language, as a bearer of culture, unites people. Traditions shape behavioral models and moral principles – the foundation of mutual understanding. Thanks to culture, society does not fragment into isolated units but becomes cohesive, capable of collective action and self-organization. In the context of globalization, cultural uniqueness becomes even more important as a means of preserving identity.

The education system is one of the most important mechanisms for transmitting social experience, knowledge, and moral and aesthetic values. It is in school and university environments that individuals encounter ideas that shape their life stance. Education allows people to think critically, analyze events, and participate in public life. Moreover, educational institutions promote the dissemination of democratic principles, tolerance, and openness to new ideas. In countries where education is accessible and of high quality, there is a higher level of civic development and economic progress. Thus, the educational system is not just a source of knowledge but a platform for forming a full-fledged, responsible citizen.

In the 21st century, globalization processes have affected all areas of human existence - from the economy to culture. This has brought both new opportunities and certain threats. On the one hand, there has been a convergence of peoples, easier communication, and greater exchange of knowledge and ideas. On the other hand, we observe cultural unification, the displacement of local traditions, and the threat of cultural standardization. The loss of languages, decline of folk customs, and commercialization of culture are all challenges accompanying globalization. However, if society can find a balance between openness to the world and preserving its unique traits, globalization will become not a threat, but a stimulus for cultural enrichment.

In conclusion, worldview and sociocultural foundations are essential components in shaping the development of any society. They influence not only individual and collective identities but also the structures and values that guide social, political, and economic systems. Understanding these foundations allows for a more comprehensive view of societal progress, revealing how deeply held beliefs and cultural practices drive change or preserve continuity. As the world becomes increasingly interconnected, recognizing and respecting diverse worldviews and sociocultural contexts becomes ever more critical for fostering inclusive, sustainable, and resilient development across the globe.

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WHO OR WHAT INFLUENCES US?

The way we see the world is made by many different things all working together. These things range from what happens to us personally to the bigger things happening in society. Understanding how we form our opinions, especially about what's good and bad, helps us understand why people act the way they do and how society works.

Family is often the first group to teach kids about the world. Parents and other family members teach beliefs, what's important, and how things are usually done from when we are very young. The basic ideas about right and wrong we learn as kids often stay with us and help us make good choices later. Kids learn what is seen as 'good' and 'bad' by being told directly and by watching what others do. For example, if a parent doesn't like something a child does, the child starts to learn that this behavior is not okay.

School plays a big part in how we see the world. Schools not only teach us reading and math but also how to think about what's right and wrong. What we learn in class – like stories, history, and even science – can change how we understand difficult moral situations. Also, talking (or not talking) about social problems in school can shape how students think about different topics, like politics, nature, and what's fair.

As we get older, especially when we become teenagers and young adults, our friends become very important in how we learn what's right and wrong. Friends have a big impact on what we think is right and wrong. Because we want our friends to like us, we often start to believe in the same things they do. Friends can push us to do good things, like getting involved in helping others, or bad things, like using drugs.

In today's world, the media is very important in shaping how we see things. News, movies, social media, and ads all send messages about what society thinks is normal and important. This can change what people in general think about things. If we see or hear the same stories over and over, it can change how we understand certain groups of people, sometimes making us scared or misunderstanding them. This can make it harder to decide what is truly right or wrong.

The culture we live in has a big effect on how we see good and bad. Different cultures have their own sets of rules about what's right, based on their history, traditions, and religions. Something that is okay in one culture might be seen as very wrong in another. Learning about different cultures helps us see the world in more ways and makes us think more carefully about our ideas of right and wrong.

Religion has always been a major source of ideas about what's right. Different religious teachings give us ways to understand what is good and moral. Religious books often teach about being kind, fair, and helping others, which can strongly influence how people who believe in that religion act. Similarly, big ideas from thinkers, like trying to do what makes the most people happy or following clear rules, give us ways to make ethical decisions and help us figure out what to do in difficult situations.

We learn to tell the difference between good and bad mostly by taking in the ideas from all the different places we learn from. As we meet different people, learn in school, and see things in the media, we start to build our own sense of what's right. This helps us decide how to act and what to think is right.

Thinking about what's right involves thinking hard about ethical problems. It lets us look at our own beliefs and the beliefs of others. Talking and thinking carefully about difficult social issues can help us understand right and wrong better. Having talks about complicated problems helps us change our views and feel more for other people.

Our own experiences often change how we see good and bad in very strong ways. Times when we succeed, fail, are happy, or are sad teach us about what's right and wrong. Thinking about these experiences helps us grow as people and leads us to have a better understanding of what is ethical over time.

Besides our own direct experiences, we are also strongly influenced by the people we look up to – our role models. These can be people we know personally, like teachers, coaches, older siblings, or community leaders. They can also be people we admire from afar, like athletes, musicians, activists, or even characters in books and movies.

Role models show us how to behave in different situations and what values they think are important. We often learn by watching what they do and how they treat others. If we see someone we admire acting with kindness, honesty, and courage, it can inspire us to act that way too. On the other hand, if someone we look up to behaves in ways that aren't so good, it can unfortunately also have a negative influence.

Choosing good role models is important because they can help guide us in making positive choices and developing a strong sense of what's right. Thinking about the qualities we admire in others can also help us understand the kind of person we want to be.

Sometimes, even without realizing it, we can have biases. A bias is like a leaning or a preference for one thing over another, and it can affect how we see the world and judge what's right or wrong. These biases can come from all the influences we've talked about – our family might have certain opinions, our friends might share similar views, or the media might show certain groups of people in a particular way.

It's important to know that having biases doesn't necessarily mean we're bad people. Everyone has them! However, if we're not aware of our biases, they can sometimes lead us to make unfair judgments or misunderstand other people's perspectives. For example, if we mostly see one type of person portrayed as the "good guy" in movies, we might start to unconsciously think that people who are different are less trustworthy. This isn't fair, and it's important to challenge these kinds of biases. Learning about different cultures, talking to people with different backgrounds, and thinking critically about the messages we receive from the media can help us become more aware of our own biases. When we understand our biases, we can try to be more open-minded and make fairer decisions about what we think is right and wrong. It's like checking our vision to make sure we're seeing the whole picture clearly, not just a part of it.

Our view of the world, including what we think is right and wrong, is like a big mix of influences. Our family, school, friends, what we see in the media, our culture, and even religion all play a part in shaping how we see things. It's like they're all working together to help us understand the difference between good and bad. When we're faced with a choice, it often means we need to stop and really think about what we believe.

As we grow up and have more experiences, it's totally normal for our views to change. The important thing is to be aware of all the things that are influencing us. We should try to think carefully about the information we get and be open to understanding why other people might see things differently. This helps us build our own strong sense of what's right and wrong. By talking openly with others and thinking about our own beliefs, we can learn to make good choices together and help make the world a better place. It's like we're all building our own personal guide, an "ethical compass," to help us navigate the world.

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LANGUAGE AS A TOOL OF SOCIAL AND POLITICAL INFLUENCE

Language stands as a fundamental and potent instrument within the realm of politics. It empowers leaders to articulate their visions, mold public sentiment, and garner support, employing speeches, slogans, and emotionally resonant language to sway opinions. The very fabric of political discourse – encompassing tone, word choice, and rhetorical devices – shapes our comprehension of complex political issues. Indeed, rhetoric occupies a central role in political life, guiding beliefs and influencing actions. The study of political language, therefore, offers crucial insights into the mechanisms that affect public views and behavior, revealing how political actors strategically deploy language to advance their agendas and secure popular backing.

However, language transcends its function as a mere conduit of information in the political sphere. It is also a vital component of diplomacy and international relations, where a shared language, often English, facilitates connection across national borders, and where formal, diplomatic language serves as a tool for peaceful conflict resolution. Political language frequently leverages persuasive techniques such as metaphors, repetition, strategic pronoun use, and emotionally charged vocabulary to amplify messages and enhance their impact. Even singular words, imbued with strong connotations – consider "peace", "kill", or "stop" – can evoke profound feelings and shape public reaction.

Politicians often employ nuanced or euphemistic language to render their messages more palatable or to obscure unfavorable realities. Similarly, the media plays a significant role in constructing narratives and influencing public opinion through carefully chosen language.

Social changes inevitably influence public discourse, manifesting in the evolution of linguistic models and shaping everyday consciousness, ultimately contributing to national identity through popular culture. Language, while a marker of nationality, also acts as an instrument of social change, albeit one that reacts to change gradually. True societal shifts necessitate transformations in perceptions and mental paradigms, with changes in external reality leaving their imprint on language. Social transitions do not merely reflect in language systems but can rapidly alter social awareness.

Political activity involves disrupting established orders, making the unseen visible and transforming noise into intelligible discourse. Politics, therefore, correlates with the strategic, performative use of language aimed at altering subjects' understanding of reality. While human experience involves direct sensory input, its communication is subject to distortions and simplifications inherent in the chosen medium. Public statements often position speakers "against" others or "for" themselves.

Furthermore, language functions as an "environmental tool," with shared language patterns often binding communities and governments (Denga, 6). Language's involvement in higher cognitive processes, including thinking and reasoning, making it crucial for disseminating ideas, including political ideologies and propaganda. Propagandists manipulate linguistic elements to indoctrinate, preachers use language to convert, and politicians wield it as a weapon to sway opponents and the electorate, often inflating public opinion through emotive language in print media.

In essence, language is far more than a neutral means of conveying information in politics. It is a dynamic and multifaceted tool for leadership, persuasion, social construction, and even conflict. Understanding its intricate workings is crucial to discerning how political actors navigate, influence, and shape the societies they seek to govern.

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LANGUAGE AS A TOOL FOR SHAPING PUBLIC LEGAL CONSCIOUSNESS

Language serves not only as a means of communication but also as a powerful tool for shaping public consciousness, particularly its legal component. In today's information society, legal communication is transforming under the influence of globalization, technological and sociocultural changes. This highlights the question of the role of language practices in forming legal culture, legal thinking, and general legal awareness among citizens.

The relevance of this research is determined by several factors. First, globalization and digitalization fundamentally change the channels of legal communication—from traditional forms to innovative multimedia and interactive platforms. Second, the development of information technologies necessitates the adaptation of legal language to new formats of legal discourse. Third, the role of language is growing as a tool not only for informing but also for shaping legal consciousness and countering manipulative influences in the legal sphere. As Kovalchuk O.M. aptly notes, "language is the form of social knowledge that mediates legal practices, and therefore acts not as a passive reflection, but as an active means of law formation" [1, p. 67].

The relationship between language and legal consciousness is studied within various scientific paradigms. The sociolinguistic approach considers language as a social institution that reflects and shapes the legal norms of society [1, p. 11]. The cognitive approach emphasizes the role of language in forming legal concepts and categories of thinking. The discursive approach allows us to view legal communication as a special type of discourse that constructs social reality.

Legal language is a specialized form of professional communication that not only reflects legal reality but also participates in its formation. Linguistic constructions used in laws, regulations, and court decisions create an image of the state, legal order, and mechanisms for protecting citizens' rights. It is language that determines whether law is accessible or inaccessible to the average citizen. As Kovalskyi O.P. observes, "legal terminology forms the conceptual boundaries of legal thinking and determines an individual's ability to navigate the legal space" [2, p. 123].

At the same time, excessive complexity of legal language often becomes a barrier to legal understanding. Complex syntactic constructions, archaisms, Latinisms, and lack of adaptation of texts for non-specialists contribute to citizens' alienation from the legal system.

In recent decades, the plain legal language movement has been actively developing worldwide. The idea is to use understandable, precise, and concise legal terminology without losing substantive content. Ilchenko S.S. emphasizes: "Clear legal language is not just a matter of ethics, but also a matter of legal system effectiveness" [3, p. 51].

Empirical research shows that using adapted legal terminology in forms, agreements, and legal references significantly increases the level of legal literacy. Moreover, it promotes citizens' trust in justice institutions and reduces legal misunderstandings.

In the modern information society, media discourse has become a key source for shaping mass legal consciousness. The linguistic features of legal coverage in media and social networks directly affect citizens' legal perceptions and evaluations. Content analysis of legal media texts demonstrates the prevalence of emotionally charged vocabulary over neutral legal terminology, leading to simplified legal perceptions. Research shows that using manipulative linguistic techniques in covering high-profile legal cases results in distorted legal perceptions among a significant portion of information consumers [4, p. 45].

The digitalization of society leads to significant transformations of legal language and methods of legal communication. Electronic forms of legal documents, online services, and digital justice platforms create a new linguistic context for law that influences the formation of legal consciousness. Research demonstrates that legal language in the digital environment is characterized by greater conciseness, the use of hypertextuality, and multimodality. These features affect the perception of legal information and the formation of legal concepts among users of digital platforms. An interesting phenomenon is the formation of a specific "digital legal language" that combines elements of traditional legal terminology with the lexicon of information technology and internet communication [5, p. 89].

The development of artificial intelligence systems and automated legal services creates new challenges for legal language and communication. The use of chatbots for legal consultations, automated document preparation systems, and algorithms for analyzing judicial practice requires adaptation of legal language to new communication formats.

In multicultural society, an important aspect of forming legal consciousness is ensuring linguistic inclusivity in legal communication. Research shows that the availability of legal information in one's native language directly affects the level of legal awareness and trust in the legal system among linguistic minorities. Comparative studies show that a multilingual approach to legal communication contributes to the formation of more inclusive legal consciousness and reduces the risk of legal alienation among linguistic minorities.

Shaping public legal consciousness requires the development of specialized methodologies for teaching legal language and communication. Legal linguodidactics as a scientific field develops effective strategies for teaching legal terminology, argumentation, and communication for different target audiences. Research demonstrates that using interactive methods for teaching legal language, such as moot courts, case analysis, and role-playing, enhances the effectiveness of developing legal consciousness compared to traditional methods.

In conclusion, language is a fundamental tool for shaping public legal consciousness, influencing the perception of legal reality, the formation of legal concepts, and models of legal behavior. The impact of language on legal consciousness is realized through various mechanisms: the terminological apparatus of law, narrative strategies of legal discourse, language practices in media communication, and digital interaction. The digital transformation of society leads to significant changes in linguistic practices in the legal sphere, forming new models of legal communication and perception of law. Effective formation of legal consciousness in modern society requires the development of integrated linguistic strategies that account for multiculturalism, digitalization, and individual characteristics of legal information perception.

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SECTION 2
REFORMS IN FINANCE AND TAXATION AND THEIR IMPACT ON THE STATE'S ECONOMIC SECURITY

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ECONOMIC POLICY OF UKRAINE DURING THE MARTIAL LAW

The economic landscape of Ukraine has faced unparalleled challenges during the imposition of martial law, an extraordinary measure necessitated by ongoing threats to the nation's sovereignty and security. In such critical circumstances, the state's economic policy plays a decisive role in ensuring stability, resilience, and continuity. This period demands not only the reallocation of resources to sustain defense capabilities, but also the formulation of strategies to mitigate the socio-economic consequences for the civilian population.

Key aspects of Ukraine's economic policy during martial law include the prioritization of funding for military needs, maintaining the functionality of essential services, and supporting industries vital to national security. Simultaneously, the government must address economic disruptions, such as inflation, unemployment, and potential declines in trade and investment. Strengthening international partnerships and leveraging foreign aid have also become integral to bolstering Ukraine's economic resilience in the face of crisis.

This discussion will explore the multifaceted nature of Ukraine's economic policy under martial law, shedding light on the strategies implemented to balance immediate wartime exigencies with long-term economic sustainability and recovery.

During martial law, both self-sufficient armed forces and an economic component are of critical importance. The latter is responsible for various spheres, both on the front line (providing military personnel with weapons, the ability to pay salaries, and caring for the wounded and prisoners) and within the country (social benefits for vulnerable groups, ensuring food supplies, and managing the energy sector).

According to the research by Y.D. Radionov, during martial law, the Cabinet of Ministers of Ukraine is granted expanded powers, such as the ability to allocate financial resources in accordance with priority needs. At the same time, local self-governments are granted similar rights to redistribute budgetary funds. Additionally, to reduce unemployment, the state implemented a reduction in its fiscal burden, specifically setting the single tax rate at 2% for third-group single taxpayers [1, p. 26].

As reported by Transparency International Ukraine, in 2023, Ukraine scored 36 points and ranked 104th out of 180 countries in the Corruption Perceptions Index (CPI), which is a significant achievement amidst the full-scale aggression by the Russian Federation. This index reflects the level of corruption in the public sector, including the executive, judicial, and legislative branches.

The International Monetary Fund's report noted that Ukraine managed to maintain macroeconomic indicators and financial stability due to prudent political decisions and substantial external support dynamics. However, there are also negative consequences of the war: economic growth contracted by 30 % in 2022, and a significant portion of the country's fixed assets were destroyed [2].

One additional method of securing funds involves removing the immunity of the Russian Federation's central bank assets and transferring these assets under Ukraine's management to restore the destroyed parts of the energy sector [3, p. 9].

Attracting additional funds from Western partners is one of the priority directions of the state's economic policy. At the same time, the economic sector requires multifaceted reforms that are particularly relevant during the full-scale aggression of the Russian Federation. The issue of corruption also significantly impacts the efficient allocation of acquired funds. Thus, balanced political and economic decisions at the international level will have positive outcomes for Ukraine.

In conclusion, the economic policy of Ukraine during martial law highlights the nation's ability to adapt to unprecedented challenges while safeguarding its sovereignty and security. The government's efforts to prioritize military funding, sustain essential services, and support industries crucial to national security demonstrate strategic foresight and resilience. These measures have enabled Ukraine to endure a period of heightened adversity and maintain functionality despite significant disruptions.

At the core of this approach is the delicate balance between immediate wartime demands and the need for long-term economic recovery and stability. The state's commitment to implementing multifaceted reforms, reducing fiscal burdens, and fostering collaboration with local governments has been instrumental in addressing critical economic disruptions, such as inflation, unemployment, and declines in trade and investment. Transparency and accountability are key components, ensuring that resources are effectively allocated and external aid achieves its intended impact.

The role of international partners in bolstering Ukraine's economic resilience cannot be understated. Western financial assistance and strategic cooperation have provided the necessary support to mitigate the socio-economic consequences of war, highlighting the importance of global solidarity in times of crisis. However, ongoing challenges, including combating corruption and rebuilding destroyed infrastructure, require sustained efforts to achieve lasting recovery.

Looking ahead, Ukraine's success will depend on its ability to further strengthen international alliances, advance structural reforms, and rebuild critical sectors, including energy, infrastructure, and industry. By leveraging both internal resilience and external support, Ukraine can aspire to not only recover from the devastating impacts of war but also emerge as a stronger and more self-reliant nation in the global economic landscape.

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IMPROVING THE TAXATION SYSTEM IN UKRAINE IN THE CONTEXT OF STRATEGIC ENTREPRENEURSHIP DEVELOPMENT

The economy of a country is a complex and multilayered mechanism that is formed under the influence of many internal and external factors. It develops through the interaction of market processes, business activities, changes in supply and demand, as well as through state policy. The prominent economist Adam Smith formulated the concept of the "invisible hand of the market," emphasizing that the economy has the property of self-regulation when each individual, pursuing their own interests, contributes the general welfare of society [1]. However, historical experience shows that the market mechanism does not always function perfectly, especially during periods of economic crises and instability. As John Maynard Keynes noted, the market requires state intervention to stabilize the economy and maintain employment levels [2].

The Ukrainian economy has always gone through difficult times, undergoing numerous crises and structural transformations. However, the current situation caused by the war is extremely complicated and requires effective mechanisms of state regulation. In order for the country to have a stable future, it is necessary to create favorable conditions for economic development, attract investment, and support small and medium-sized businesses. After all, entrepreneurship is the foundation of a market economy, the source of job creation, innovation development, and budget revenue.

One of the key challenges of public administration during this period is to ensure conditions under which entrepreneurs and companies will not only survive, but also develop. This requires a holistic economic strategy that includes support for business, adaptation to new realities, and the minimization of bureaucratic barriers. The tax system plays an important role in this process, as it defines the general "rules of the game" for all market participants. Simplicity, clarity, and fairness of taxation are crucial factors in stimulating business activity and attracting capital. If tax policy is predictable and transparent, businesses will have confidence in their activities, which in turn will promote economic growth in the country even under difficult conditions.

Ultimately, the economic recovery of Ukraine is impossible without a comprehensive approach that combines market freedom, effective state regulation, and active support for entrepreneurship. Only with a harmonious combination of these three elements can sustainable development and economic stability be achieved in the country.

One of the key issues of tax policy is finding a balance between the level of taxation for entrepreneurship and budget revenues. High taxes can lead to a decrease in economic activity, a decline in investment, and capital outflow, while excessively low rates can result in a deficit of public finances. It is precisely in this context that the concept of the Laffer curve plays an important role.

The Laffer Curve is an economic model that describes the relationship between the level of taxation and tax revenues to the budget [3]. It was developed by American economist Arthur Laffer in the 1970s and has become the foundation of numerous debates on tax policy.

The main idea of the Laffer Curve is that both excessively high and excessively low tax rates can lead to a reduction in tax revenues. At a zero tax rate, budget revenues are also zero. As the tax rate gradually increases, revenues rise because the government collects more from the taxation of economic activity. However, beyond a certain level, the tax rate becomes so high that it begins to demotivate businesses and workers, reducing economic activity, which in turn leads to a decrease in tax revenues. Thus, there is an optimal tax rate at which budget revenues are maximized.

Research on the impact of tax burdens on the economy confirms this concept. In particular, in countries that implemented tax reduction policies, there was an increase in business activity, a rise in investment volumes, and the creation of new jobs. A notable example is the tax reforms in the United States during the presidency of Ronald Reagan, when the reduction of corporate income tax rates stimulated economic growth and eventually led to an increase in total tax revenues.

Similar studies were conducted in the United Kingdom and several European countries. For instance, in the 1980s in the UK, the reduction of maximum income tax rates contributed to the intensification of entrepreneurial activity and GDP growth [4]. Comparable effects were observed in Eastern Europe following tax reforms that introduced a flat tax rate.

Thus, the Laffer Curve demonstrates that effective tax policy must strike a balance between stimulating business and ensuring sufficient budget revenues. Excessive tax pressure can lead to a reduction in economic activity, while tax optimization can increase government revenues through an expanded tax base.

Ukraine’s tax system has long required reform due to its complexity, lack of transparency, and excessive burden on businesses. High tax rates, overregulation, and frequent legislative changes create uncertainty for entrepreneurs, making business operations more difficult and reducing the country’s investment attractiveness. Moreover, a significant part of the economy remains in the shadow due to the complexity of tax administration and corruption risks. Effective reform should aim to simplify the tax system, make it predictable, reduce the fiscal burden on businesses, and ensure stable budget revenues, which is especially important under martial law and for post-war economic recovery.

If we speak about such liberal reforms, our proposal is to replace the corporate income tax and the unified social contribution with a tax on withdrawn capital. The tax on withdrawn capital is a taxation system in which a company or entrepreneur pays tax not on the entire profit earned, but only on the portion that is withdrawn from the business in the form of dividends or other equivalent payments [5]. This means that if a company reinvests its profits in the development of its own business, it does not pay tax, which stimulates economic growth.

The issue of introducing a tax on withdrawn capital in Ukraine has been actively studied by Ukrainian economists and researchers, who analyzed the potential advantages and challenges of this tax model for the Ukrainian economy.

For example, V. Lyashenko, O. Borodina, and O. Lishchuk [6] in their study analyze the tax on withdrawn capital as an instrument for economic recovery after the war. The authors examine the experience of countries that have already implemented this tax (including Lithuania, Georgia, and Estonia) and point out its positive impact on reinvestment, business shadowing, and reduced administrative costs. The researchers propose first implementing the tax on withdrawn capital within the territories of industrial parks as a pilot project, which may serve as a catalyst for broader adoption of this taxation model in Ukraine.

A team of researchers from the academic community and tax law practitioners, in their study "The Impact of the Tax on Withdrawn Capital on Enterprise Activity," analyzes the economic effect of replacing the corporate income tax with the tax on withdrawn capital. The authors argue that the transition to this tax may also stimulate domestic investment, simplify tax administration, and reduce opportunities for profit manipulation by enterprises. In particular, it is emphasized that, with maintained fiscal stability and clear legislative regulation, the tax on withdrawn capital may contribute to increased economic activity and bringing capital out of the shadows [7].

Special attention to the topic of the tax on withdrawn capital has also been given by analysts of the Institute for Economics and Forecasting of the National Academy of Sciences of Ukraine, who in their publications have considered the possibility of introducing this tax in the context of overall tax reform. They note that the tax on withdrawn capital not only reduces the tax burden on companies that reinvest profit, but also allows for better predictability of tax revenues due to simplified administration. This enables both the state and entrepreneurs to carry out planning and forecasting and to more clearly define the strategy of future activity.

Overall, Ukrainian scholars support the idea of introducing a tax on withdrawn capital as one of the tools for economic stimulation. They emphasize that such a tax reform must be accompanied by detailed calculations, phased implementation, and pilot programs to mitigate risks. Therefore, in this sense, we see a significant role and importance in strategic accounting and analysis.

The tax on withdrawn capital is successfully applied in several countries around the world, particularly in Estonia, Latvia, Georgia, and partially in Poland. The most well-known example is Estonia, which introduced this tax back in 2000. Under this model, corporate profits are not taxed until they are withdrawn in the form of dividends. This has encouraged businesses to reinvest profits and has contributed to dynamic economic growth. From 2000 to 2007, Estonia's average annual GDP growth rate was approximately 7 % [8].

Latvia implemented a similar system in 2018. In the first year of the introduction of the tax on withdrawn capital, investment growth of 6.6 % was recorded, along with a reduction in tax administration costs [9]. Georgia introduced the tax on withdrawn capital in 2017, and in the first two years alone, the country recorded business investment growth of over 8 %, significantly exceeding previous trends [10]. These countries have also highlighted advantages in reducing the shadow economy, as simplified administration and transparent rules encourage companies to operate legally. So, the tax on withdrawn capital facilitates the attraction of foreign investment due to a predictable and simple taxation system.

Overall, international experience shows that the tax on withdrawn capital is an effective tool for stimulating reinvestment, boosting business activity, and reducing administrative pressure on enterprises.

This system eliminates the need for the tax service to administer business expenditures, as these will no longer affect the amount of tax revenue. It is proposed that financial institutions (banks) act as the responsible parties for paying the tax itself. That is, the tax deduction would be carried out "on the fly" at the moment of withdrawal of funds by the company as dividends to the private account of the owner. This solution would not be technically difficult to implement for such institutions. This simplification of tax administration reduces corruption risks and encourages businesses to reinvest. The proposed rate for the tax on withdrawn capital is 25 %.

In practice, this would significantly simplify the documentation required to confirm expenses for both companies and individual entrepreneurs. The entire simplified tax system could be unified into one with a single tax on withdrawn capital and no VAT, while the general system would consist of the tax on withdrawn capital plus VAT with a threshold, for example, from UAH 20 million in annual revenue.

Regarding wages of hired workers, it is also necessary to simplify the tax burden on employers. It would be reasonable to replace all taxes from both the employer and the employee with a single wage tax, also set at 25%. The rate should be the same or nearly the same as the tax on withdrawn capital to eliminate any economic incentive to avoid formally employing workers. The administration and direct collection of the wage tax would also be carried out by financial institutions at the time of transferring funds. Employment itself would be reduced to the conclusion of an employment contract, while direct notification of the tax authority about the number of hired workers and their wages would occur at the moment of wage transfer to the employee's personal bank card. The collection of this tax would be performed by the bank at the moment the wage amount is transferred to the account from the employer.

The proposed tax changes could become an important step toward building a transparent, comprehensible, and effective tax system that encourages business growth, reduces corruption risks, and simplifies tax administration. The introduction of the tax on withdrawn capital, the simplification of tax payment mechanisms through banks, and the reduction of tax burden on wages will not only improve conditions for entrepreneurs but also create a foundation for Ukraine's economic recovery and sustainable development. Today, more than ever, the country needs bold reforms that will ensure its competitiveness in the global economy and give businesses the ability to work effectively today and develop confidently in the future.

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IMPACT OF MARTIAL LAW ON THE ECONOMIC SYSTEM OF UKRAINE

Martial law is a special regime of government that is introduced throughout the country or in its individual regions in the event of a declaration of war, armed conflict, aggression, or threat of attack [1].

The economy of Ukraine under martial law is experiencing unprecedented challenges, requiring rapid adaptation and finding new ways to ensure stability. The war has caused significant damage to industrial enterprises, the transport network, energy infrastructure and housing stock, which has led to disruption of production chains, complicated logistics and reduced economic activity. Military actions have led to a reorientation of the economy to meet defense needs, the role of the military-industrial complex has increased, and civilian industries have been reduced. The rupture of trade relations with Russia and Belarus, as well as the blockade of seaports, have complicated exports and imports, and Ukraine needs significant international financial assistance to support the economy. Mass migration of the population, rising unemployment and a decline in living standards create an additional burden on the economy, and it is necessary to ensure social protection of the population and support for internally displaced persons. The significant increase in unemployment and the changing structure of employment, where a large number of people have left their jobs and gone abroad, are serious challenges. Despite the difficulties, the Ukrainian economy is showing resilience, and the government and international partners are taking measures to maintain macroeconomic stability and economic recovery. Support for small and medium-sized businesses, as well as the development of innovative industries, plays an important role, and international financial assistance is an important component. It will take a lot of time and resources to restore the Ukrainian economy, and it is important to note that the economic situation in Ukraine remains dynamic and depends on the development of military operations.

After a significant decline of 28.8 % in 2022, the economy showed growth of 5.3 % in 2023. In 2024, an increase of 3.4 % (according to NBU estimates) and 3.6 % (according to Ministry of Economy estimates) is projected in annual terms. At the same time, the pace of recovery is gradually slowing down. In each quarter of 2024, economic growth compared to 2021 turned out to be lower than in 2023.

The difficult security situation, the shortage of skilled labor, and Russian attacks on energy infrastructure continue to negatively affect the economic recovery. In addition, the positive GDP dynamics in 2023 were due to the low comparison base after the significant decline in 2022, as well as the active growth of government spending, which in 2024 has already become typical of wartime conditions. Currently, GDP remains more than 20 % lower than in 2021 [2].

At the beginning of the full-scale war, the consumer inflation rate in Ukraine was 10 % in annual terms. Thus, in February 2022, the cost of goods and services was 10 % higher compared to the same period in 2021. Due to the Russian invasion, inflation processes accelerated significantly, reaching a peak in October 2022 – 26.6 % y/y. The main factors of this growth were the military destruction of industrial facilities, disruption of logistics chains, and increased business costs. Additional pressure on the inflation rate was caused by the issue of the hryvnia by the National Bank of Ukraine to cover the budget deficit: in 2022, the NBU issued 400 billion UAH ($12.5 billion) through the redemption of the government's military bonds.

Thanks to stabilization measures in 2022–2023, in particular the consistent policy of the NBU and the cessation of emission financing of the budget, it was possible to significantly slow down the inflation rate. An additional factor was the growth of harvests in 2023.

However, in 2024, inflation began to gain momentum again. According to the NBU, among the key reasons are the decrease in the impact of last year's record harvest, electricity shortages, labor shortages, and drought in the summer of 2024. In February, the inflation rate reached 13.2 % in annual terms, although its growth has been gradually slowing for the third month in a row.

In February, food prices continued to rise, with almost all categories increasing in price, except for sugar. The cost of eggs (+3.5 %). In general, food prices remain significantly higher than in the previous year [3].

In 2023–2024, 57.5 million tons of grain were exported through the grain corridor, which exceeds the previous season's exports of 49.5 million tons. The total cargo turnover of the ports reached 97.2 million tons, which is 57 % more than in 2023. The expansion of checkpoints for land transport and the reduction of waiting times at the border have significantly improved logistics processes [4].

In 2024, Ukraine's energy sector faced serious challenges caused by the consequences of military aggression. According to NPC Ukrenergo, during the year, the country lost more than 9 GW of generating capacity of power plants. This led to a deficit of electricity of about 35 % for consumers, and from September 2023 to September 2024 its cost increased by about 34 %. In addition, from January 1, 2025, a historic decision to terminate the transit of Russian gas through the territory of Ukraine came into force [5].

The labor market in Ukraine remains tight due to labor shortages caused by migration and mobilization due to the war. Despite the increase in the number of resumes on job search platforms, surveys of companies indicate that the lack of qualified workers is still one of the main problems for businesses.

Employers often face a situation where candidates respond to vacancies, but their skills do not meet the requirements. At the same time, in regions bordering the war zone, the problem is different - finding a job is much more difficult. As a result, the unemployment rate is uneven across the country and significantly higher in front-line areas, which negatively affects the economy.

However, competition between companies for workers is contributing to wage growth. At the end of last year, the level of real wages in most industries exceeded the indicators recorded before the start of the full-scale war. Wage growth is ahead of inflation, which ensures compensation for the increase in prices for goods and services. According to the NBU's forecasts, in 2025–2027, real salaries will continue to increase by 3–4 % each year [5].

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CYBER THREATS TO THE FINANCIAL SECTOR

In the global cybersecurity sector, two major areas that are constantly under attack are finance and government. The ongoing digital transformation of the financial sector and the increased reliance on cloud technologies after the pandemic have caused the attack surface in this sector to grow exponentially, exposing organizations to increasing cyber threats. Attacks include the theft of sensitive customer data, fraud, phishing, malware distribution, attacks on network infrastructure, and more. The global financial system is undergoing an unprecedented digital transformation. The development of modern technologies and the transformation of data exchange systems not only facilitate the ease and speed of settlement operations, but also increase the level of fraud. Intensive use of the Internet and various applications leads to the growth of a new generation of fraud - cybercrime.

Cyberthreats to the financial sector in times of war can be particularly serious. A review of specific cyberattacks and threats faced of Ukraine's banking sector under martial law shows that hostile actors are capable of attacking banking systems, electronic payment systems, trading platforms and other financial instruments, causing damage to the country's economy and infrastructure. Cybersecurity at the global level covers two main areas - financial and public - protecting networks, data and devices from unauthorized access or misuse. The process of digital transformation and the financial sector's growing dependence on cloud technologies following the pandemic have led to a significant increase in the number of attacks, which increases cyber threats to organizations.

Cyberattacks affect both ordinary citizens and financial institutions, including banks, which are often targeted due to the importance of their data and possible access to large amounts of money. To combat cybercrime and its consequences, Ukraine has established the National Coordination Centre for Cybersecurity under the National Security and Defense Council of Ukraine. A project aimed at combating cyberfraud in the financial sector has been implemented jointly with the National Bank of Ukraine, with the main goal of strengthening the protection of citizens from cybercriminals, especially those active during the period of martial law in Ukraine [2].

Cyberthreats are potential threats or attacks that influence computer systems, networks, software and data. These can include various types of attacks, such as viruses, worms, Trojan horses, phishing, ransomware, and DDoS. Cybercrime covers a wide range of aspects of human life, and no one is immune from becoming a victim. One of the most common types of cybercrime is financial fraud. Financial fraud has not disappeared during a full-scale war. Fraudsters quickly adapt to modern circumstances and people's needs [5].

Ukraine ranks second in the world in terms of the number of cyberattacks, behind only the United States. In 2022, the number of attacks increased 3.5 times year-on-year, with 5% of these attacks targeting the country's financial sector. CERT-UA recorded 2.8 times more cyber incidents than in the pre-war period. The number of geolocation threats associated with Russia increased by 26 %. At the same time, one in ten attacks targeted the financial sector or software developers. Of the 2,194 cyber incidents processed, 120 involved the financial sector. The vast majority of fraudulent incidents in 2022 – 86 % - occurred on the Internet, while the remaining 14 % were related to physical devices such as retail chains, ATMs [1].

As cybercriminals continually evolve their tactics and methods to target the most valuable data and services, financial institutions need to strengthen their security measures to counter the growing threats. Implementing a security strategy based on the People, Process, and Technology model is becoming a relevant step in this direction. This threat-focused approach allows you to learn from real threats and constantly adapt protective measures. To ensure the highest level of cybersecurity, banks and financial institutions should develop a strategic plan that will not only be able to withstand initial attacks with minimal losses, but also ensure long-term resilience to new threats [3].

The most effective methods for detecting cyber threats in the financial sector include:

1. Behavioral analysis - tracking changes in the actions of systems and users, which helps to detect unusual activity and alert cybersecurity professionals to possible threats.
2. Regular penetration tests allow you to identify weaknesses in the system and develop plans to respond to attacks.
3. Network monitoring – systems that track and analyze the movement of data on the network. They are able to detect abnormal activity that may indicate attack attempts.
4. Event log management – collecting and storing data about the actions of users. This allows you to study events in the event of an attack and identify suspicious activity.
5. Use of artificial intelligence to automatically detect threats [2].

However, there are currently many cybersecurity issues facing the financial sector. Thus, today, in the context of war and the constant increase in cybercrime, there is a significant shortage of cybersecurity personnel in the country, and the number of properly trained specialists is currently much lower than the demand for them. And mobile devices and applications used for financial transactions are becoming a target for those who want to exploit them. Despite these measures, the financial sector faces a number of cybersecurity challenges. In the context of the war and the growing number of cybercrimes, Ukraine is facing an acute shortage of qualified personnel in this area. Mobile devices and applications used to conduct financial transactions are also highly vulnerable [4].

Thus, the financial security of the state depends on several key factors: protection of financial interests at all levels of financial relations; a high level of financial independence; stability and ability of the financial system to withstand the impact of external and internal threats that may destabilize national interests; and the ability of the financial system to support the efficient functioning of the national economy and ensure economic growth. Cybercrime poses a serious threat in the context of rapidly developing technologies, affecting both individual users and businesses and government agencies, including critical infrastructure. The current challenges posed by the war require new strategies to support financial stability, including the introduction of a tighter exchange rate policy to stabilize the hryvnia, tighter control over international financial assistance to stabilize the public sector, and combating cyberattacks in the banking and other sectors.

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DETINIZATION OF THE ECONOMY THROUGH TAX REFORMS

De-informatization of the economy is a key task for ensuring financial stability and economic security of the state. In Ukraine, the problem of the shadow sector remains relevant, since a significant part of economic activity is carried out outside the boundaries of official regulation, which leads to a lack of budget revenues and a weakening of socio-economic development. Tax reforms are an important tool in the fight against shadowing, contributing to the simplification of tax administration, reducing the tax burden and strengthening control by state bodies. As is known, the shadow economy is the activity of businesses and enterprises that is carried out outside state registration and control, and therefore is not reflected in official statistics. Income from such shadow activities is not recorded, and therefore taxes are not paid to budgets and state trust funds [1].

A progressive tax system can help reduce the shadow economy. A progressive tax system increases the tax rate as taxable income increases. This means that people with low incomes pay lower taxes, while people with higher incomes pay higher tax rates. This system is usually implemented by creating tax brackets that group taxpayers according to their income level. A progressive tax system typically generates higher tax revenues than a flat or regressive tax system because the highest income earners pay the largest share of the tax burden. People with greater financial resources pay a larger share of taxes, which go to fund public services that are essential to the well-being of all citizens and businesses, such as road maintenance and public safety.

Digital transformation plays a key role in modernizing tax, fee and payment administration, which will contribute to the country's economic growth and global economic development [3]. Digitalization of tax administration is an important step in the fight against the shadow economy and increasing the efficiency of the tax system. It involves the introduction of modern technologies to automate taxation processes, reduce bureaucracy and improve control over financial transactions. Aspects of digitalization of tax administration:

- cashless payments and digital financial technologies – encouraging the use of electronic payments reduces opportunities for shadow transactions;
- automated control and analytics – using artificial intelligence and Big Data to detect tax violations and risky transactions;
- electronic taxpayer accounts – simplify filing declarations, recording payments, and interacting with tax authorities.

Digitalization of tax administration is a key factor in combating the shadow economy and increasing the efficiency of the tax system. Digital transformation not only strengthens the economic security of the state, but also creates favorable conditions for sustainable economic development and integration into the global economy.

Strengthening the fight against offshore and aggressive tax planning can significantly reduce the shadow economy. In today's globalized environment, the problem of capital outflows to offshore zones and aggressive tax planning remains a serious challenge to the economic security of states. Large corporations and wealthy taxpayers often use complex financial schemes to minimize tax liabilities, which leads to significant losses of budget revenues. The introduction of such measures as: automatic exchange of tax information between countries; strengthening sanctions for tax evasion; transfer pricing control will help in the fight against offshore companies.

Establishing a progressive tax scale, digitalizing tax administration, and strengthening the fight against offshore and aggressive tax planning are important steps towards reducing the shadow economy. The comprehensive implementation of these measures will help reduce the level of the shadow economy, increase the efficiency of the tax system, and ensure the economic stability and security of the state.

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FEATURES OF APPLYING DOUBLE TAXATION AVOIDANCE TREATIES BETWEEN UKRAINE AND EU COUNTRIES

In today's globalized world, the issue of avoiding double taxation is becoming increasingly important for people who earn money outside their home country. Ukrainians who work or do business abroad often face the problem of double taxation. This happens when their income is taxed both in Ukraine and in the country where they earned it. This can lead to a lot of financial strain and make it harder to do business. To avoid double taxation, Ukrainians can use double taxation avoidance treaties that Ukraine has made with different countries in the European Union. For example, in Estonia, you can get e-residency. This allows you to do business in the EU without needing to be there physically. This can help avoid double taxation because income earned in Estonia may only be taxed there [1].

In Germany, if a Ukrainian lives there and has their main life interests there, like family, work, or property, they may only be taxed in Germany. The agreement between Ukraine and Germany helps avoid double taxation by recognizing taxes paid in either country. This means that taxes paid in one country can be used to lower the taxes you need to pay in the other country [2]. France allows for tax credits. This means that taxes paid in Ukraine can be used to lower the taxes you need to pay in France, and the other way around. This helps avoid double taxation and lowers the overall tax burden [1].

In Italy, some income, like dividends, interest, and royalties, may be exempt from tax in one of the countries if they have already been taxed in the other country. This helps avoid double taxation and ensures a fair sharing of the tax burden between the countries [1].

In Poland, the agreement between Ukraine and Poland states that taxes paid in one country can be used to lower the taxes you need to pay in the other country. This helps avoid double taxation and ensures clear tax obligations [3]. To avoid double taxation, it is important to contact the right authorities in each country. They can provide the necessary documents and proof of tax payments. For example, in Estonia, this is the Tax and Customs Board, and in other countries, it might be different agencies. This way, you can avoid any problems with declaring income and paying taxes that the tax office might think are unpaid.

According to the Tax Code of Ukraine, a resident must pay the difference between the tax amount calculated in Ukraine and the tax paid in the other country if there are differences in tax rates. This rule is in Article 170.11.2 of the Tax Code of Ukraine, which explains how income earned outside Ukraine is taxed. According to this article, they can reduce the amount of tax they need to pay in Ukraine by the amount of tax paid abroad if a resident of Ukraine earns money abroad. However, the resident must pay the difference between the tax amount calculated in Ukraine and the amount paid abroad if the tax rate in the other country is lower than in Ukraine [4]. For example, if a Ukrainian earned income in Germany, where the personal income tax rate is 25 %, and in Ukraine, it is 18 %, the Ukrainian resident must pay the 7 % difference to the Ukrainian budget. This ensures a fair sharing of the tax burden and prevents tax evasion. This way, you can avoid any problems with declaring income and paying taxes that the tax office might think are unpaid. Avoiding double taxation is important for Ukrainians who earn money abroad. Using double taxation avoidance treaties helps lower the financial burden and ensures clear tax obligations. This helps international business and economic relations between countries. It is important to remember that each country has its own tax laws, and a person needs to contact the right authorities and gets the necessary documents and proofs of tax payments to effectively use double taxation avoidance treaties. This will help to avoid problems with declaring income and ensure that a person follows all the legal requirements.

In general, correctly applying tax treaties and the rules of the Tax Code of Ukraine not only helps avoid double taxation but, also helps do business more effectively and lowers the tax burden. This creates new opportunities for Ukrainian entrepreneurs and helps them join the global economy.

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TAX POLICY OF UKRAINE UNDER MARTIAL LAW

The full-scale invasion resulted in the destruction of infrastructure, massive migrations, a deep economic crisis, and the need for significant financial resources to ensure the country's defense. In such extreme conditions, fiscal policy is of particular importance, as it determines the ability of the state to finance the military, support the economy and ensure social stability. Researchers have been working on reforming the taxation system and certain types of taxes: A. Aronov, V. Vyshnevskyi, V. Kalyuzhnyi, V. Kopych, D. Lipnytskyi, A. Krysovatyi, R. Zharko, O. Kravchenko, O. Desiatniuk, A. Kizyma [1, p. 318]. Taxation is one of the most important components of state regulation in the economic system of Ukraine. The tax system plays a key role in stimulating economic growth, the development of various sectors of the economy, and social life. It remains a stable source of filling the state budget, providing the financial basis for the functioning of the state [2, p. 137].

Due to Russia's full-scale invasion of Ukraine and the economic difficulties caused by the war, state support for local budgets is of particular importance. According to the State Treasury Service of Ukraine, in January-October 2022, cash expenditures of the state budget amounted to UAH 1978.6 billion, which is almost twice as much as in the same period in 2021 (UAH 1070.5 billion). The increase in expenditures is due to the need to finance national security and defense [3, p. 11]. Russia's full-scale invasion of Ukraine has had a negative impact on the Ukrainian economy, leading to a decline in tax revenues in the first half of 2022. A significant drop in economic activity, the introduction of tax incentives to support businesses, and changes in import taxation were the main reasons for the decline in budget revenues at all levels. The war caused a crisis that forced the state to find ways to stabilize the financial system and ensure the country's vital activity under martial law [4, p. 61]. During the wartime period, Ukraine's fiscal policy focused on financing defense and social expenditures, including new support programs and existing social benefits. Increased spending on public debt service and social programs supported consumer demand, mitigating the economic shock of the war. At the same time, financing of other budget expenditures declined, especially capital expenditures, which led to a decline in investment. As a result, the state budget deficit of Ukraine in 2022 reached a record 17.6 % of GDP, significantly exceeding the figures of previous crisis periods [4, p. 63].

Ukraine's tax policy should be oriented towards a long-term perspective, contributing to macroeconomic stability and financial sustainability of the budget. Social and economic stability would be achieved if the state took into account the successful experience of the world's leading countries. In the coming years, the main task of the budget policy should be to provide financial support for reforms aimed at creating a new model of economic development. This will ensure sustainable economic progress and improve the welfare of the population [5, p. 124]. The fiscal policy of Ukraine plays a key role in ensuring the financial stability of the state and supporting the economy. An important aspect is finding a balance between increasing tax revenues and stimulating economic activity. In this environment, the government is implementing special measures aimed at optimizing expenditures and attracting international financial assistance. Effective fiscal policy is becoming key to the country's resilience to challenges.

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ELECTRONIC FISCAL SOLUTIONS AND SMART CONTRACTS IN PUBLIC PROCUREMENT

Public procurement is a fundamental component of economic governance, accounting for a significant share of national expenditures. However, traditional procurement systems are often plagued by inefficiencies, excessive bureaucracy, and corruption risks. The adoption of electronic fiscal solutions and smart contracts presents a transformative approach to addressing these challenges by increasing transparency, reducing costs, and automating key processes. These technologies have the potential to improve economic security and optimize government spending by ensuring compliance with financial regulations and minimizing fraudulent activities.

Electronic fiscal solutions streamline the procurement process by automating tax compliance, invoice processing, and financial reporting. Governments worldwide are increasingly integrating e-invoicing, digital payment systems, and AI-driven fraud detection tools to enhance oversight and efficiency. These innovations allow authorities to track transactions in real time, reducing the risk of financial mismanagement and tax evasion. In Ukraine, the implementation of the Prozorro e-procurement platform has demonstrated significant progress in digitalizing procurement, leading to substantial cost savings and increased accountability. The government's ongoing efforts to integrate blockchain-based verification mechanisms into Prozorro further emphasize the importance of secure, tamper-proof procurement records [1].

Smart contracts, which operate on blockchain technology, offer an additional layer of security and automation in procurement processes. These self-executing agreements eliminate the need for intermediaries, ensuring that contract terms are enforced automatically without manual intervention. By leveraging blockchain's immutability, smart contracts prevent unauthorized modifications, thereby reducing corruption risks. Estonia's e-procurement system provides a strong example of how smart contracts can accelerate contract execution and reduce procurement fraud. The automation of tendering, bid evaluations, and payment processing through blockchain technology has significantly enhanced the efficiency of Estonia's public sector.

Another significant advantage of smart contracts in public procurement is the ability to enforce compliance in real time. Traditional procurement processes require extensive oversight from regulatory bodies, legal teams, and auditors to ensure contract terms are met. With smart contracts, conditions such as payment disbursements, performance benchmarks, and penalties for non-compliance can be programmed directly into the contract code. This automation reduces administrative delays and mitigates the risks associated with human error and corruption. Governments can implement smart contracts to ensure that payments are released only after pre-defined milestones are met, preventing cases of contract manipulation or incomplete service delivery [4].

The integration of electronic fiscal solutions and smart contracts also promotes competition and inclusivity in public procurement. By creating a fully transparent bidding system, digital procurement platforms prevent bid-rigging and favoritism, allowing small and medium-sized enterprises (SMEs) to compete fairly. In developing economies, where procurement corruption is a major barrier to fair competition, blockchain-based procurement mechanisms can help eliminate nepotism and bribery. Governments can use digital verification systems to confirm the legitimacy of bidders, ensuring that contracts are awarded based on merit rather than political influence. The increased competition resulting from digital procurement ultimately leads to better pricing and quality of goods and services for the public sector [5].

Despite the advantages of electronic fiscal solutions and smart contracts, several challenges remain in their widespread implementation. Many public procurement laws do not yet accommodate blockchain-based contracts, necessitating legal reforms to recognize their validity. Additionally, the technical complexity of smart contract deployment requires significant investments in digital infrastructure and specialized training for procurement officials. Resistance to change within government institutions, coupled with concerns about cybersecurity vulnerabilities, also poses obstacles to digital transformation in procurement. The integration of these technologies requires collaboration between public and private sectors, as well as international regulatory bodies, to establish standardized protocols for digital procurement.

The cost of implementing blockchain-based smart contracts in public procurement is another critical consideration. While digital solutions reduce long-term administrative costs, the initial investment in infrastructure, software development, and staff training can be significant. Governments must conduct cost-benefit analyses to determine the most efficient approach to adopting electronic procurement solutions. Pilot projects in blockchain-based public procurement, such as those conducted in South Korea and the United Arab Emirates, highlight the need for phased implementation strategies that gradually introduce digital procurement technologies [3].

To maximize the benefits of these technologies, governments must develop clear regulatory frameworks that define the legal status of smart contracts in public procurement. Strengthening cybersecurity measures and conducting regular audits of digital procurement systems will help mitigate risks associated with fraud and hacking. Investments in digital education programs for procurement officials and the establishment of international standards for blockchain-based procurement will further facilitate the adoption of these solutions [2]

The integration of electronic fiscal solutions and smart contracts in public procurement represents a crucial step toward enhancing economic security and optimizing government expenditures. While the transition to digital procurement requires overcoming regulatory and technical challenges, the long-term benefits of increased transparency, reduced costs, and improved efficiency make this shift inevitable. As governments continue to embrace digital transformation, these technologies will play a vital role in shaping the future of public finance management. Further research should focus on the scalability of blockchain-based procurement systems, the role of artificial intelligence in fraud detection, and the development of cross-border digital procurement frameworks.

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CURRENT STATE OF INVESTMENT ACTIVITY IN UKRAINE

The experience of the world economy shows that the effective development of a country is impossible without the implementation of investment projects. Investment activity plays a crucial role in a country's economy, serving as a key element of economic growth. To assess its impact on the state as a whole, it is essential to focus on the indicators that characterize it. The level of investment is influenced by economic and social challenges, historical factors, and the current situation in the country.

The state of investment activity in Ukraine has been marked by significant fluctuations, reflecting both the country's political instability and its gradual movement toward economic reforms. While the potential for economic growth exists, especially in key sectors like energy, agriculture, and technology, the country still faces substantial challenges that hinder investment flows.

Key Challenges of investment activity in Ukraine.

Geopolitical Instability: The ongoing conflict in Eastern Ukraine and the annexation of Crimea by Russia in 2014 have resulted in a significant decline in foreign investor confidence. This instability creates uncertainty for investors, particularly in sectors such as manufacturing, energy, and infrastructure development.

Corruption and Bureaucratic Barriers: Corruption remains one of the most significant deterrents to investment. Despite various efforts to combat corruption, it continues to be a barrier to fair business practices. Investors often face bureaucratic red tape and delays that discourage long-term investment in Ukraine.

Economic Instability and Inflation: The Ukrainian economy has faced periods of high inflation and economic downturns, leading to a lack of stable financial conditions. These fluctuations in the economic climate make long-term investment less attractive to foreign investors.

Underdeveloped Infrastructure: While Ukraine's strategic location between Europe and Asia presents unique opportunities, its infrastructure, including roads, railways, and ports, requires modernization. The lack of investment in infrastructure limits the country's ability to capitalize on its geopolitical position.

The study of investment activity in Ukraine has been explored in the works of renowned scholars such as I. Blanka, I. P. Moiseenko, N. V. Bulbach, A. P. Duki, T. G. Zatonatskaya, and others.

Investment activity is an economic category that includes both an object and a subject and reflects a specific process of economic engagement. The object of investment can be money, securities, property, stocks, property rights, intellectual property, and targeted bank deposits. The subjects of investment activity are legal and natural persons, as well as individual states [1].

To understand the role of investment in the country, it is important to recognize that economic success largely depends on innovative projects that are both investment-attractive and promising, with the primary goal of generating profit. The implementation and utilization of innovative technologies depend on the state of the investment climate, as well as the volume and structure of investments. One of the most significant forms of investment for the country's economy is foreign direct investment (FDI), as it enables the realization of large and critical projects. Additionally, FDI brings the latest technologies, new corporate governance practices, and overall economic benefits. Thus, improving the investment climate and stimulating investment activities have become particularly pressing issues in Ukraine's current stage of development.

An analysis of foreign direct investment (FDI), where the controlling investor is a resident, reveals fluctuations in recent years. According to the official website of the National Bank of Ukraine (NBU), FDI amounted to $2.6 million in 2018, $2.3 million in 2019, $3 million in 2020, and $1.8 million at the beginning of 2021 [2].

These figures indicate that the volume of foreign direct investment in Ukraine has been highly unstable. The primary reasons for this unsatisfactory investment climate include the COVID-19 pandemic, which significantly affected the economy, ongoing hostilities in eastern Ukraine, economic instability, corruption, and a lack of structural reforms. These factors have collectively contributed to the disappointing state of investment activity in the country.

Strategies for Enhancing Investment Activity in Ukraine:

- Attracting foreign direct investment (FDI) through enhanced incentives and strategic policies.
- Optimizing and activating planned financial reforms to improve the economic landscape.
- Implementing anti-corruption measures to create a more transparent and trustworthy business environment.
- Enhancing the legal framework to guarantee investors legal protection of their rights and capital.
- Creating a favorable investment climate by ensuring macroeconomic stability, reducing bureaucratic hurdles, and offering competitive incentives.

Conclusion. Currently, Ukraine is experiencing a decline in investment activity and a drop in effective demand. However, by implementing measures that stimulate investment and improve the political and economic situation, it is possible to overcome the weak investment climate. Identifying key issues and developing strategic solutions is crucial, as investment activity remains one of the primary drivers of economic growth and plays a vital role in shaping the economic future of any country.

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REFORMS IN THE FIELD OF FINANCE AND TAXATION AND THEIR IMPACT ON THE ECONOMIC SECURITY OF THE STATE

Economic security is a fundamental component of national security, especially under conditions of war, macroeconomic instability, and global challenges. One of the key factors determining the level of economic security is the effectiveness of the financial system and tax policy. In recent years, Ukraine has undertaken a series of reforms aimed at increasing transparency, reducing the shadow economy, and ensuring the stability of the budget system.

Effective financial management enables the state to fulfill its obligations to citizens even in times of crisis. Reforms focused on enhancing budget discipline, reducing the deficit, and improving public debt management strengthen trust in the financial system. In 2023–2024, Ukraine actively cooperated with the IMF, which made it possible to attract external resources under conditions of fiscal transparency and structural changes.

Expanding the tax base through digitalization and automation of tax administration processes allows the government to increase revenues without raising tax rates. Electronic VAT administration, the unified taxpayer account, and risk-based audit systems minimize tax evasion schemes. According to the Ministry of Finance, targeted monitoring of risky operations helped reduce budget losses by 18 % in 2023.

However, regional inequality in access to digital services remains a challenge, especially in border and frontline regions.

Transferring part of tax revenues to local levels (e.g., personal income tax) has strengthened the ability of territorial communities to plan and manage budgets independently. This allows for quicker responses to local threats, including humanitarian crises, population displacement, and defense needs. Investment growth in local infrastructure and social projects is a key indicator of reform effectiveness.

Nevertheless, the shortage of finance professionals in some communities hinders the efficient use of funds. Regular auditing of decentralization processes is necessary to avoid inefficiency or corruption.

Since economic security includes protection against illicit capital flows, money laundering, and cybercrime, strengthening control over financial transactions is essential. In 2024, Ukraine adopted updated FATF standards on financial monitoring, enabling more effective detection of suspicious transactions.

At the same time, digitalization requires modernization of cybersecurity systems. The number of attacks on banking infrastructure increased by 38 % over the past year. The state is investing in strengthening the resilience of the banking sector and improving financial monitoring systems.

The comprehensive financial and tax reforms implemented in Ukraine in recent years have had a clearly positive impact on the state of economic security.

In taxation, digital administration and risk-oriented controls have reduced the shadow economy and increased tax revenues. This creates a foundation for financial stability, which is critical during martial law. Budget decentralization has enabled local communities to manage a significant portion of tax revenues independently, strengthening regional financial independence and responsiveness to socio-economic challenges.

In the field of financial control, Ukraine's alignment with international standards (such as FATF) has improved the state's capacity to detect and prevent financial crimes. With the rise of digital financial transactions, the government is prioritizing the cybersecurity of banking systems to prevent losses and protect personal data.

In fiscal policy, Ukraine maintains strict control over the budget deficit and public debt. Cooperation with international institutions, particularly the IMF, helps ensure macroeconomic stability – a key element of public and investor trust.

Reforms in the financial and tax sectors play a key role in shaping Ukraine's economic security. Their successful implementation ensures not only budget growth and investment attraction but also enhances the state's resilience to external and internal threats. Further efforts should focus on deepening digital integration, strengthening anti-corruption measures, and building human capacity in public finance.

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REFORMS IN THE FIELD OF FINANCE AND TAXATION AND THEIR IMPACT ON THE ECONOMIC SECURITY OF THE STATE

The financial system and tax policy are key components of the economic security of the state. In the context of globalization, economic crises, and geopolitical challenges, reforms in the areas of finance and taxation are of particular importance. They are aimed at ensuring the stability of public finances, attracting investments and efficient management of budgetary resources. However, their impact can be both positive and negative, depending on the efficiency of implementation and compliance with national economic realities. In this context, it is important to analyze the main directions of reforms and their impact on the economic security of the state.

The implementation of a single account for tax and fee payments is a significant step toward enhancing the state's economic security. It increases the transparency of financial flows, reduces the risk of tax evasion, and strengthens oversight of budgetary funds. Through a centralized payment system, the state can more accurately forecast budget revenues, which is essential for financial stability and economic resilience.

However, certain limitations must be considered. Value-added tax, excise tax on fuel and ethyl alcohol sales, as well as a portion of the net profit of state-owned and municipal enterprises, cannot be paid via the single account. This necessitates maintaining separate control mechanisms to prevent misuse and potential revenue losses. Additionally, allowing taxpayers to opt out of the single account could impact the efficiency of tax administration.

Therefore, while the introduction of a single account is a positive initiative for strengthening economic security, its effectiveness depends on further improvements in control mechanisms and adaptation to the realities of tax policy.

The Law of Ukraine "On Currency and Currency Transactions" № 2473-VIII, adopted in 2018, significantly reformed the currency regulation system, which has a direct impact on the state budget. It introduced the principle of "everything that is not prohibited is permitted", liberalizing currency transactions and capital flows. This helped attract foreign investment and stimulated economic activity, which had a positive impact on budget revenues. At the same time, the law provides for mechanisms of control and liability for violations of currency legislation. In particular, a penalty is charged for violation of the deadlines for settlements in foreign currency, and other violations may be subject to penalties of up to 100% of the amount of the transaction conducted in violation. These measures ensure the discipline of business entities and guarantee the flow of funds to the budget. Thus, the law balances the liberalization of the foreign exchange market with the protection of the state's fiscal interests, which is important for financial stability and state budget revenues.

The reform of the State Customs Service of Ukraine, which lasted from 2019 to 2021, had a significant impact on the state budget revenues and financial stability of the country. The main areas of this reform were the digitalization of customs procedures, the improvement of human resources management, and the fight against corruption. In particular, in February 2024, the Ministry of Finance approved the Long-Term National Strategic Plan for Digital Development, Transformation, and Digitalization of the State Customs Service, which provides for the introduction of paperless procedures and cybersecurity principles. These measures helped to increase the efficiency of customs operations and reduce opportunities for corruption. As a result of the reforms, in July 2021, a steady increase in customs revenues to the budget was recorded, exceeding the planned figures.

Budget decentralization in Ukraine, which lasted from 2014 to 2020, had a significant impact on the financial autonomy of local budgets and their interaction with the state budget. The reform envisaged redistribution of financial resources in favor of local communities, which increased their capacity to address socio-economic issues. In particular, the transfer policy was changed, which helped to reduce the number of subsidized budgets and increase the share of local budget revenues. However, even after the reform, the percentage of own revenues from local budgets did not exceed 50 %, indicating dependence on transfers from the state budget. In the structure of local budget revenues, local taxes and fees accounted for up to 35 % on average, with the rest coming from national taxes and fees. Thus, fiscal decentralization has contributed to increased financial independence of local communities, but at the same time has revealed the need to further strengthen their financial base and reduce dependence on state transfers to ensure stable development and effective local governance.

In 2021, Ukraine underwent a significant reform of its financial supervision system, which significantly expanded the powers of the National Bank of Ukraine (NBU) in the regulation of non-bank financial institutions. Starting from July 1, 2020, the NBU took over the supervision of institutions such as insurers, credit unions, financial companies, and pawnshops, which were previously under the control of other regulators. This step was aimed at creating a unified and effective system of supervision over the financial sector, increasing transparency and stability of the non-banking services market. As part of its newly granted powers, the NBU implemented several regulations, including the Regulation on Onsite Supervision of Financial and Support Services, approved by Resolution No. 162 of the NBU Board on December 14, 2023. This regulation establishes the procedure for on-site supervision of non-bank financial institutions, defines risk assessment criteria and mechanisms for interaction between the regulator and market participants. In addition, the NBU strengthened its supervision of non-bank financial groups by authorizing itself to require supervised institutions and their members to provide information to identify such groups and monitor their activities. These measures contributed to improving financial discipline, reducing risks, and protecting the rights of financial services consumers. Thus, the expansion of the NBU's powers in 2021 was an important step towards strengthening Ukraine's financial system and ensuring its stability.

Reforms in finance and taxation, including the introduction of a single account for the payment of taxes and duties, liberalization of currency regulation, reform of the State Customs Service, budget decentralization and expansion of the National Bank of Ukraine's financial supervision powers, have significantly contributed to strengthening the economic security of the country. The introduction of a single account allows for greater transparency of financial flows and ensures effective control over budget revenues, which is important for the country's financial stability. Liberalization of foreign exchange operations has helped attract foreign investment and stimulated economic activity, while mechanisms to control currency violations guarantee discipline and revenue stability. The customs reform, thanks to digitalization and the fight against corruption, has contributed to the growth of customs revenues, further strengthening the state budget. Fiscal decentralization has allowed local communities to increase their financial autonomy, although further strengthening of their financial base is needed to reduce their dependence on state transfers. The expansion of the NBU's financial supervisory powers has strengthened the stability of non-bank institutions and ensured the protection of financial services consumers. All of these reforms have significantly increased the resilience of the national economy, but their effectiveness depends on continuous improvement of the control system and adaptation to new economic conditions.

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BLOCKCHAIN AND CRYPTOCURRENCIES: THE FUTURE OF FINANCIAL TECHNOLOGY

In today's world of digital transformation, technology plays a key role in the development of the financial sector. One of the most innovative developments of recent decades is blockchain and cryptocurrencies. They have become not just technical tools, but a whole paradigm that has the potential to change the principles of the global financial system. For students of economic and financial specialties, in particular the State Tax University, studying this topic is extremely relevant, because the future of financial technologies is directly related to understanding blockchain solutions.

Blockchain and Cryptocurrency Concepts. A blockchain is a decentralized database that functions as a distributed ledger of transactions. Each block contains a certain amount of information and is linked to the previous one using cryptography, creating an immutable chain. This technology provides transparency, reliability and security of data storage.

Cryptocurrencies are digital currencies based on blockchain technology that are used as a medium of exchange. The most famous are Bitcoin, Ethereum, Ripple, Litecoin. They are not controlled by a central bank, which makes them attractive for international transactions and asset storage.

Examples of blockchain and cryptocurrency use:

1. Financial transactions: Fast and secure international transfers without intermediaries (e.g. via Ripple).
2. Digital identification: Application in verification systems where the user can control their personal data.
3. Healthcare: Storage of medical records with the ability to track the history of changes.
4. Supply chains: Tracking the movement of goods from the manufacturer to the end consumer.
5. Voting: Conducting transparent and immutable electronic elections.

Advantages of using blockchain and cryptocurrencies:

1. Decentralization: One of the main advantages of blockchain is the absence of a centralized control body. This minimizes the risk of abuse of power and increases trust in the system by users.
2. Transparency: All transactions are recorded in an open register that is available for viewing by any user. This ensures a high level of accountability and prevents fraud.

3. Security: Thanks to cryptographic algorithms, information in the blockchain is protected from unauthorized interference, forgery or deletion. This is especially important in the financial sector.

4. Speed and efficiency: Transactions are processed much faster than in traditional banking systems, which allows to reduce delays and improve the user experience.

5. Cost reduction: Blockchain eliminates the need for many intermediaries (banks, notaries), which reduces the cost of financial transactions and makes them more accessible to the general public.

Disadvantages and Challenges:

1. Regulatory Uncertainty: In many countries, blockchain and cryptocurrencies remain outside of a clear legal framework. This creates risks for both investors and businesses planning to use these technologies.

2. High Volatility: The price of cryptocurrencies can fluctuate widely even within a single day, making it difficult to use them as a stable means of payment or store of value.

3. Limited Acceptance: Not all governments, financial institutions, or companies recognize cryptocurrencies as a legitimate means of payment. This hinders the spread and integration of new financial instruments.

4. Energy Consumption: Some blockchain networks, including Bitcoin, consume significant amounts of electricity to ensure the security and operation of the network. This raises environmental concerns.

Thus, blockchain and cryptocurrencies have undeniable advantages – a high level of security, transparency, cost reduction and decentralization. At the same time, there are significant challenges associated with market instability, regulatory gaps, as well as environmental issues. Balancing these aspects is key to the successful implementation of the technologies in the global financial system.

Future Prospects. Blockchain is expected to become the basis for a new digital infrastructure. Its integration into the banking sector, insurance, government and education will provide greater efficiency and transparency. Cryptocurrencies may become an alternative or even the main form of money in the future, especially in the context of globalization and digitalization of the economy.

Blockchain and cryptocurrencies are not just a fashion trend, but a fundamental technological innovation that is already changing the world of finance. Their widespread implementation in various sectors of the economy indicates a powerful transformative potential. Thanks to decentralization, high security, transparency and speed, these technologies can provide a new level of efficiency for business and the state.

At the same time, it is important not to ignore the existing challenges: regulatory uncertainty, market volatility, high energy consumption and limited acceptance. To achieve their full potential, comprehensive support from states, international organizations, educational institutions and business is required.

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THE ROLE OF TAX POLICY IN ENSURING THE FINANCIAL AND ECONOMIC SECURITY OF THE STATE

The scientific research is dedicated to analyzing the role of tax policy in ensuring the financial and economic security of the state. The proper functioning of this component is a prerequisite for the stability of the national economic system and a guarantee of its development. The importance of fully utilizing the means of supporting financial and economic security is emphasized.

The features of financial and economic security as an important element of Ukraine's national security have been defined and analyzed. This category is underexplored but promising for scientific research. Its significance is determined by the broad interconnections with the financial component compared to other subsystems of economic security. Financial and economic security enables effective counteraction to threats, risks, and challenges in contemporary conditions.

Tax policy in Ukraine is defined as the activity of state authorities in establishing, organizing, and legally regulating taxes and payments. It involves the use of various management forms, methods, and tools to achieve economic objectives. The main tasks of tax policy are to ensure fair conditions for taxpayers, mobilize financial resources, and support the stability of the economy.

Tax policy plays a key role in ensuring the financial and economic security of the state. It ensures the mobilization, distribution, and redistribution of financial resources, supports the stability of the economic system, promotes the growth of its potential, and protects the interests of taxpayers. The correct application of tax mechanisms enables an effective response to internal and external challenges, strengthening the country's economic security.

Effective provision of financial and economic security of the state (FES) is an essential condition for the stability of the national economy. Insufficient attention to FES can lead to the emergence or intensification of destructive factors. Tax policy (TP) plays a crucial role in this process, forming effective methods to achieve the relevant goals. However, it is important to consider the sensitivity of this policy, as it can affect the interests of various economic entities. Therefore, state regulation should aim for a balance between business interests, supporting the economy, and promoting its development.

Various aspects of tax policy have been studied by many scholars, including T. Holovan, O. Yevtushevskaya, N. Lahodiienko, and others. Some of them have examined this issue in the context of wartime, while others have focused on methods of state regulation of economic development. However, the role of tax policy in ensuring financial and economic security is still insufficiently highlighted in scientific publications.

The aim of the article is to examine the role of tax policy (TP) in ensuring financial and economic security of the state (FES), specifically: to define the features of FES, characterize TP in modern realities, and assess its impact on FES processes.

The concept of FES has been developed based on the notions of "economic security of the state" and "financial security of the state." The former pertains to the economy's resilience against threats, while the latter concerns the stability of the financial system. The integration of these two components is considered a promising approach, widely supported by scholars. In particular, researchers provide arguments in favor of this approach, highlighting its consideration of contemporary economic, financial, and security trends.

Tax policy remains an important tool in times of war, generating new development vectors. According to D. Kryvonos, tax policy is the activity aimed at organizing public relations in the economic and social spheres. L. Petyk and I. Sebastyanovych view it as a set of legal norms and measures aimed at regulating the tax burden and the economic behavior of taxpayers. N. Arkhireyska, I. Panaseiko, and M. Panaseiko consider it a complex of economic, legal, and organizational measures in the taxation sector.

This approach aligns with the perspectives of scholars. At the current stage, tax policy is implemented through various forms and methods of public administration. Legal acts play a crucial role in defining the procedures, pace, and directions for executing the necessary measures. A prominent example is the Strategy for Reforming the Public Finance Management System for 2022-2025, which seeks to enhance approaches to tax policy implementation. The primary objective of the reform is to establish a modern and equitable tax system that guarantees equal treatment of all taxpayers under the law while reducing tax administration costs.

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FINANCIAL SECURITY

Financial security is an integral part of a country's economic and national security. It determines the ability of a state to function effectively in conditions of economic uncertainty, counteract internal and external threats, and ensure the stability of its financial system. Key components of financial security include the stability of the banking sector, the effectiveness of state financial regulation, the level of investment attractiveness, and the state of public debt.

Financial security is shaped by various factors, including:

Globalization: International integration processes can either strengthen or weaken financial security, depending on the country's dependence on external markets.

Corruption and the shadow economy: High levels of corruption and a significant share of the shadow economy undermine trust in financial institutions and government administration.

Effectiveness of state regulation: A well-developed financial legislative framework, banking sector oversight, and tax policy play a crucial role in ensuring economic stability. Credit policy and debt level: A country's dependence on external creditors can become a serious challenge during economic crises.

To strengthen financial security, comprehensive approaches must be implemented, including: Developing control and supervision mechanisms: It is essential to introduce modern tools for monitoring financial flows, preventing fraud, and tackling financial manipulations. Diversifying the economy: Reducing dependence on specific economic sectors or external markets helps prevent crises.

Financial literacy: Increasing public awareness of financial planning, investment, and risk management contributes to overall financial stability.

Investment stimulation: Creating a favorable investment climate and attracting investments contribute to economic growth and reduce financial instability risks.

Among the main challenges and threats are:

Inflation risks: A high level of inflation negatively affects the purchasing power of the population, reduces confidence in the national currency, and weakens the economy.

Financial crises: Banking system instability, capital outflows, and the collapse of major financial institutions can cause severe macroeconomic shocks.

Fraud and financial manipulations: Money laundering, corruption schemes, and illegal financial market activities undermine a country's financial system.

External threats: Sanctions, trade wars, and fluctuations in global financial markets can negatively impact a country's economic stability.

The state plays a key role in maintaining financial security through:

Developing and implementing financial policy: The government must take measures to strengthen economic stability, control inflation, and ensure transparency in financial markets.

Banking system oversight: Ensuring the stability of banking institutions and protecting depositors' interests is crucial.

Tax policy: Establishing a fair and efficient tax system contributes to increased state revenues and business development.

International cooperation: Partnerships with international financial organizations can promote financial stability and integration into the global economy.

Thus, financial security is a multi-component category that requires a comprehensive approach to its provision. It is essential to combine effective state policies, financial institution stability, public financial literacy, and international cooperation.

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INTRODUCTION OF THE EXCHANGE OF TAX RULINGS AS ONE OF THE ELEMENTS OF INCREASING TAX TRANSPARENCY

Action 5 of the BEPS Action Plan designed by OECD, which is aimed at combating harmful tax practices, provides a framework for increasing transparency with respect to tax rulings by exchanging information on such rulings between the competent authorities of states.

A tax ruling is defined as "any advice, information or undertaking provided by a tax authority to a specific taxpayer or group of taxpayers concerning their tax situation and on which they are entitled to rely".

There are two types of tax rulings:

– general, which relates to a certain range of taxpayers or all taxpayers or certain activities;

– taxpayer-specific rulings.

The concept of exchange of information on tax rulings established by Action 5 applies only to taxpayer-specific rulings. However, the best practices envisaged in this step apply to both types of rulings.

Rulings are also divided into pre-transactional rulings, which determine the tax consequences of a planned transaction or activity, and post-transactional rulings, which determine the tax consequences of a transaction that has already been completed. The concept of exchange of information on rulings established by Action 5 applies to both types of rulings.

The concept distinguishes and details 6 types of tax rulings to be exchanged:

1) decisions related to "preferential tax regimes";

2) unilateral cross-border advance pricing agreements (further – APA) or other cross-border rulings in respect of transfer pricing (further – TP);

3) cross-border rulings providing for a downward adjustment of taxable profits;

4) permanent establishment rulings;

5) related party conduit rulings; and

6) any other type of ruling agreed by the Forum on Harmful Tax Practices.

The exchange of such rulings should be made with the countries of residence of all related parties with whom the taxpayer carries out the transactions subject to the ruling; and the country of residence of the ultimate parent and the immediate parent. The exchange of rulings should be carried out as soon as possible, but no later than 3 months after the conclusion of the ruling.

A similar obligation on the exchange of tax rulings contains EU Council Directive 2015/2376 of 8 December 2015 (so-called DAC 3), which is mandatory for Ukraine on the way to EU integration. The scope of the Directive concerns advance cross-border rulings and advance pricing agreements.

Paragraph 1(b) of Directive 2015/2376 defines the main conditions of advance cross-border ruling:

a) it must be issued or updated either by or on behalf of the competent authority of a Member State;

b) it is addressed to a specific person or group, who have the right to rely on it;

c) it concerns the interpretation or application of national tax rules by the Member State or its competent authorities;

d) it concerns a cross-border transaction or the creation of a permanent establishment in another jurisdiction. By cross-border transaction, it is meant, for instance, international supply of goods or services, foreign investments, finance transactions, use of assets (tangible or intangible), etc.; and

e) it is concluded before the transactions happened or reported in a tax return.

The Directive also defines the term “advance pricing agreement”. It has a several common characteristics with an advance cross-border ruling, but in contrast, an APA is specifically focused on transfer pricing matters. It establishes, in advance, the appropriate methodology or criteria for determining the transfer pricing of cross-border transactions between associated enterprises, or for attributing profits to a permanent establishment. APAs often involve more complex economic analyses and are used to prevent transfer pricing disputes.

The Directive provides for the exchange of information on APA and advance cross-border rulings with all EU Member States (unlike BEPS Action 5, which clearly defines which jurisdictions and in which cases the information should be provided). However, the Directive does not provide for the exchange of information in a case where an advance cross-border ruling exclusively concerns and involves the tax affairs of one or more natural persons.

The exchange of information should be carried out within three months following the end of the half of the calendar year during which the advance cross-border rulings or APA have been issued, amended or renewed.

Ukrainian legislation provides the following types of tax rulings:

- advance pricing agreement;
- individual tax consultations (further – ITC);
- generalized tax consultations (further – GTC).

The Ukrainian TP rules provide a possibility for a taxpayer to apply to the State Tax Service (further – STS) for preliminary approval of pricing in controlled transactions by entering into an APA. This option is available only to large taxpayers.

Subject to preliminary approval may be:

– types and/or list of goods (services) that are the subject of controlled transactions;

– methods for determining the compliance of the terms of the controlled transaction with the arm's length principle;

– a list of information sources to be used to determine the compliance of the terms of controlled transactions with the arm's length principle;

– the period for which prices in controlled transactions are to be agreed upon;

– the permissible deviation from the established level of economic conditions for the implementation of controlled transactions;

– procedure, deadlines for submission and a list of documents confirming compliance with agreed prices in controlled transactions.

Ukrainian legislation provides for unilateral, bilateral and multilateral APA.

The maximum term for which an agreement is concluded is 5 years, with the possibility of extending the term, but not more than 5 years. There is no minimum term.

As a general rule, the agreement comes into force from the date agreed upon by the parties, and may also apply to previous periods (retroactive).

The agreement is concluded with the STS and must be taken into account by the tax authorities conducting TP audits. If a taxpayer complies with the terms of the APA, it cannot be subject to additional tax liabilities, as well as penalties and fines in respect of controlled transactions that are the subject of the agreement.

A taxpayer that has entered into an APA is obliged to submit an annual report on its implementation.

The STS may terminate the APA if:

– The documents and materials submitted together with the application for the preliminary approval procedure, as well as the annual report on the implementation of the APA, contained false information.

– The taxpayer does not act in accordance with the terms of the APA or does not fulfill its terms.

An ITC is an explanation by a tax authority on the practical application of certain provisions of tax legislation. ITC may be provided on any taxes and any issues related to the application of tax legislation and other legislation within the competence of the tax authorities.

ITC has an individual nature and may be used exclusively by the taxpayer to whom such advice was provided. Any taxpayer (both an individual and a legal entity) may apply for an ITC.

ITC is not binding on taxpayers. If a taxpayer has acted based on the ITC, no penalties or fines may be imposed on the taxpayer, but additional tax liabilities may be assessed.

GTCs are issued by the Ministry of Finance of Ukraine periodically as a result of monitoring and summarizing ITC. As a rule, the GTCs are issued on the most ambiguous issues related to the practical application of tax legislation.

The GTCs apply to all or a certain number of taxpayers. At the same time, a taxpayer acting based on the GTCs is exempt from penalties and fines.

GTCs will not be subject to ruling exchange, as they are not personalized, i.e., they are not issued for an individual taxpayer.

According to the OECD Report 2023 Peer Review Reports on the Exchange of Information on Tax Rulings: Inclusive Framework on BEPS: Action 5, there is only one type of rulings in Ukraine that are subject to mandatory exchange - unilateral cross-border APA or cross-border unilateral rulings in respect of TP. However, since no such rulings have been issued in practice, they have not been exchanged.

In conclusion, the introduction of the exchange of tax rulings as prescribed under the OECD's BEPS Action 5 and EU DAC 3 Directive represents an important step toward improving tax transparency and combating harmful tax practices globally. For Ukraine, it is essential not only to access international exchanges of information but also to actively engage in providing and receiving rulings from other countries. This exchange will enhance cooperation and ensure that Ukraine is part of the global tax compliance framework. Additionally, Ukraine must extend the possibilities for businesses to conclude rulings, including expanding the use of APA, to create a more predictable and transparent tax environment. These measures are vital for Ukraine's further integration into the international tax system and its ongoing efforts to build a fair, efficient and competitive business climate.

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DIGITAL TRANSFORMATIONS IN THE BANKING SECTOR: CHALLENGES AND PROSPECTS FOR INNOVATION

In academic literature, the term "banking innovations" refers to a comprehensive process involving the creation of new or the enhancement of existing banking products and services, the adoption of advanced promotion technologies, and the development of innovative management approaches within banking institutions. The primary goal of these transformations is to secure additional profits and strengthen competitive advantages in the market.

Over the past fifteen years, the product strategy of commercial banks has undergone significant changes. The current focus is on the implementation of digital technologies, including mobile applications, cloud services, blockchain platforms, and other innovative solutions [1, p. 34]. These advancements not only simplify access to banking services but also establish a new level of customer interaction.

The history of innovation in the banking sector highlights a close relationship between the advancement of financial technologies and scientific-technical progress. Key factors include automation, digitalization, and the widespread adoption of information technologies, all of which have greatly expanded the capabilities of banking services (Table 1).

Year	The essence of innovation
2000	Creation of the world's first universal electronic wallet.
2008	iBox quick payment terminals.
2009	First use of blockchain technology through Bitcoin transfers.
2012	The Japanese banking company The Ogaki Kyoritsu Bank, Ltd. introduced new ATMs that allow customers to access their accounts by placing their palms on a special scanner.
2013	The first public Bitcoin fund, Bitcoin Investment Trust, was created, and Barclays Bank began accepting deposits for the Bitcoin exchange.
2015	The American neobank Atom Bank (UK) received a full banking license.
2015	The Indian startup Ultracush launched a mobile payment service that allows payments based on ultrasound.
2016	The two largest banks in South Korea, KEB Hana Bank and Woori Bank, introduced a mobile banking user identification system using retinal scanning.
2017	The opening of the world's first Bitcoin bank, owned by the Austrian startup Bit Trust.
2019	The launch of the Apple Card digital card – a titanium card created by MasterCard and Goldman Sachs. Key features include no card number, expiration date, or CVV code, and it only displays the cardholder's full name.
2021	Banks began actively implementing AI to enhance operational efficiency, improve customer service, and detect fraudulent activities.

Джерело: [1, с. 36].

According to World Bank data, nearly 2 billion people worldwide lack access to formal financial services, with 37 % of them being Ukrainians. Therefore, the primary task of fintech market leaders is not only to inform the public about the benefits of innovative technologies but also to successfully integrate them into everyday life. Visa sees its role in creating effective synergy between fintech companies and traditional banks, which will help form a robust payment ecosystem and provide consumers with innovative, user-friendly, and secure solutions.

The development of banking innovations is carried out by both banks themselves and seven professional global banking laboratories:

1. **Standard Bank (South Africa)** – The Innovation Center Play Room (operating since January 2015) focuses on developing modern banking technologies.

2. **Capital One Laboratories (USA)** consists of three laboratories located in Washington, New York, and San Francisco. These laboratories mainly focus on developing pilot banking products and accelerating all digital operations of the bank.

3. **Commonwealth Bank Innovation Lab (Australia)** works on developing new products, services, and solutions in collaboration with customers, partners, startups, and industry experts.

4. **Citi Innovation Lab (USA)** has created a global network of innovation centers located in cities such as Tel Aviv, Dublin, Singapore, San Francisco, and New York. These centers provide innovation training opportunities for employees at all levels.

5. **Visa Innovation Center (USA)** develops innovations in banking software.

6. **Chase Bank Development and Innovation Center (USA)** specializes in the development of branches and ATM technologies, as well as new ways to interact with customers.

7. **BBVA Innovation Center (Spain)** develops and implements a range of technological solutions [2].

Modern banking innovations, particularly the integration of internet services and mobile applications, open up new possibilities for providing financial services in the most convenient locations for customers – from postal offices and retail outlets to public institutions. These technological solutions allow banks to significantly expand their reach, attracting not only traditional users but also those who previously had no access to financial services. The implementation of such innovations ensures convenience and speed of service delivery, which is especially important in today's mobile society.

Moreover, the effectiveness of these innovations can be measured not only in terms of resource savings (time, money, labor) but also through their ability to attract new customers and increase bank profitability. By optimizing internal processes and improving customer experience, banks have the opportunity to significantly boost their return on investment, assets, and capital. This not only ensures financial stability but also strengthens their competitive position in the market, creating conditions for sustainable development [3, p. 150–159].

According to research by foreign analysts, the most important global trends in banking innovations are the following [4, p. 6]:

1. **Online banking services.** Modern online banking is a comprehensive financial system where particular attention is given to mobile applications, as the phone has become the primary tool for performing most banking and other payment transactions.

2. **Cashless and cash payment services.** The trend of making payments without a bank card, using only a mobile phone app, is becoming increasingly common. Some experts predict that bank cards will disappear in the near future.

3. **Social value and customer-centric banking.** Among modern banks, those that apply a personalized approach to their clients, rather than limiting themselves to offering standard packaged solutions, stand out. The number of banks is growing, and customers now have the opportunity to choose any bank that meets their individual needs.

4. **Use of robotics.** The ability to use robots in certain processes (for example, processing phone calls with bank clients) can significantly reduce the bank's expenses while improving and speeding up customer service.

5. **Constant availability of banking services.** The ability to carry out banking operations 24 hours a day, 7 days a week, is no longer an innovation, but a standard service provided by banks. However, banks are going further to meet customer needs, offering communication through any online media such as WeChat, Facebook Messenger, Google Hangouts, etc.

6. **Monetization of data.** Analytical data from banks can be used both by the bank itself and to help both the bank and its clients gain competitive advantages in the market.

7. **Partnership strategy.** FinTech companies are entering the market to replace banks in providing banking services. These companies develop unique and innovative offerings and offer more flexible, often more advantageous terms for using their products. For example, the development of savings apps for mobile phones, where the app calculates your income and, based on it, determines the amount of savings you should set aside, as well as directions and investment options for those savings. In 2015, the "FinTech Cluster" was established in Ukraine, bringing together banks, financial startups, and investment funds. Active participants in the Ukrainian FinTech market include PrivatBank, Alfa-Bank, Raiffeisen Bank Aval, and OTP Bank [5, p. 72].

Currently, there are over 100 companies operating in the financial technology sector in Ukraine, with the majority of them having started their activities in the past five years. The most popular areas of focus are mobile payment systems and electronic wallets. 63 % of Ukrainian fintech companies are self-funded, and the same percentage have reached the break-even point. Additionally, 14 % of these companies employ more than 75 people. Interestingly, 43 % of Ukrainian fintech companies are expanding into international markets [6].

Technological innovations include electronic transfers, bank cards, virtual cards, and prepaid gift cards. These innovations contribute to more convenient and faster financial transactions.

Product innovations encompass new banking products, which can include both new types of services and operations, as well as the modernization of traditional banking services under changing regulatory conditions. Innovations in banking significantly reduce costs and greatly increase the efficiency of financial institutions.

The Ukrainian banking system has not only withstood the challenges posed by Russia's full-scale aggression but also managed to adapt. This successful adaptation has been supported not only by the effective actions of the regulator but also by the implementation of digital technologies, transformation of business processes, and the use of innovations in the banking sector.

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INTERNATIONAL EXPERIENCE OF TAX REFORMS AND ITS IMPLEMENTATION IN UKRAINE

Tax reforms are a key instrument of economic transformation aimed at optimizing the fiscal burden, stimulating investment and ensuring social justice. In the global practice, successful reforms are often based on the adaptation of international cases to national peculiarities. For Ukraine, which seeks to integrate into the European and global economic space, studying the experience of other countries becomes critical. This paper analyzes the key models of tax reforms (based on the examples of Estonia, Georgia, and Germany), their impact on economic growth, as well as the opportunities and risks of their application in the Ukrainian context.

Theoretical Foundations of International Tax Reforms

Modern tax systems are based on three main principles:

1. Simplification of administration: reducing the number of taxes, digitalization of reporting (e-taxes).

2. Investment incentives: benefits for start-ups, SEZs (special economic zones), lower corporate tax rates.

3. Fighting the shadow economy: introduction of electronic control (e.g., cash registers, online reporting).

For example, Estonia's model with its unique income tax system (0 % on reinvested profits) has made the country a “window” for innovative companies. In Georgia, a radical simplification of the tax system (only 6 types of taxes) allowed the country to increase budget revenues by 20 % in 5 years.

World Cases: Successes and Challenges

1. Estonia: Digital Tax System

The Estonian model is based on full digitalization:

– Electronic identification of taxpayers;

– Automated settlement taxation;

– Exit capital tax (instead of traditional corporate tax).

Result: 85 % of taxes are paid online, and the time for administration has been reduced to 5 minutes per declaration.

2. Georgia: Radical Simplification

The 2004–2008 reform included:

– Abolition of 21 types of taxes;

– Introduction of a single social contribution (20 %);

– Income tax – 15 %.

Result: FDI growth from $0.4 billion (2004) to $2 billion (2010).

3. Germany: Balance between progressivity and incentives

The system combines high income tax rates (up to 45 %) with benefits for families and SMEs. A key element is the "Solidaritätszuschlag" (additional tax to support the eastern states), which has reduced regional inequality.

Ukraine: State of the Tax System and Attempts at Reform

Ukraine has made a number of changes since 2014:

– 2015: VAT simplification (flat rate of 20 %), creation of the State Tax Service.

– 2020: Introduction of a "single tax" for individual entrepreneurs (3 income groups).

– 2023: Privileges for the IT sector (5 % income tax).

Problems of the tax system in Ukraine

– Corruption and shadow economy: the NBU estimates that the shadow sector accounts for 30 % of GDP.

– Complexity of administration: bureaucracy, manual approval of documents.

– Instability of regulations: frequent legislative changes destabilize business.

Example of failed implementation: the introduction of the «electronic tax office» (2017) was not accompanied by proper training of taxpayers, which led to an increase in fines for technical errors.

Challenges of implementing international experience in Ukraine

1. Institutional weakness: The lack of independent courts makes it difficult to fight corruption in the tax area.

2. Differences in economic structure: Ukraine has a high level of agricultural and industrial sectors, while Estonia / G7 experience is focused on digital and service industries.

3. Martial law: Security costs limit the scope for tax cuts.

Successful steps:

– Implementation of Diia.Taxes to automate reporting.

– Signing of agreements with the OECD to combat BEPS (profit shifting).

Recommendations for Ukraine

1. Digitalization as a basis for reform:

– Expanding the functionality of Diia.Taxes following the example of Estonia (e-residency, blockchain reports).

– Mandatory use of electronic cash registers for all businesses.

2. System simplification:

– Unification of social contributions into a single payment (Georgian experience).

– Abolition of inefficient taxes (e.g., tourist tax).

3. Incentives for innovation:

– Tax holidays for startups (5–7 years).

– Incentives for investors in infrastructure rehabilitation.

4. International integration:

– Participation in the European Tax Strategy (EU Tax Observatory).

– Harmonization of VAT with European standards.

Thus, having analyzed this research topic, we have concluded that global experience proves that tax reforms can become a catalyst for economic growth only if they are implemented in a systematic manner that combines legislative changes, digitalization, and the fight against corruption. For Ukraine, it is critical to adapt other cases, given its own challenges: high shadow economy, the aftermath of the war, and distrust in institutions. Implementing the models of Estonia or Georgia will require not only political will but also investments in taxpayer education and infrastructure modernization. In the context of European integration, creating a transparent and competitive tax system becomes not only an economic but also a geopolitical priority.

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WORLDVIEW AND SOCIO-CULTURAL FOUNDATIONS OF SOCIETY DEVELOPMENT

The development of human society is an intricate process influenced by various philosophical, ideological, and socio-cultural elements. Throughout history, the worldviews of different civilizations have played a crucial role in shaping social structures, economic models, political systems, and cultural expressions. The interplay between these factors determines the trajectory of societal evolution, influencing values, traditions, technological advancements, and governance models. This paper explores the fundamental worldview perspectives that have influenced societal development, examining their historical significance and impact on contemporary societies. By understanding the relationship between ideology and socio-cultural factors, we can better comprehend the mechanisms that drive human progress.

A worldview encompasses the fundamental beliefs, values, and assumptions that shape how individuals and societies perceive reality. It influences decision-making, moral standards, and the interpretation of historical and current events. Philosophers such as Plato, Aristotle, Kant, and Hegel have contributed significantly to the understanding of how worldviews influence social organization. Religious doctrines and spiritual beliefs have been among the primary forces shaping societies. In ancient civilizations such as Mesopotamia, Egypt, and Greece, religion dictated laws, governance structures, and cultural norms. Monotheistic religions like Christianity, Islam, and Judaism established moral frameworks that continue to influence modern ethical and legal systems. In Eastern traditions, Confucianism, Buddhism, and Hinduism have shaped societal attitudes towards hierarchy, duty, and individual purpose. These perspectives contribute to cultural resilience, guiding principles for personal behavior, and collective social responsibilities [1].

The Enlightenment period brought a shift towards secularism and rationalism, challenging religious dogma and advocating for science and reason. Thinkers like Descartes, Locke, and Voltaire promoted individual freedoms, democracy, and empirical knowledge, leading to the foundation of modern political and economic theories. Secularism paved the way for liberal democracy, human rights, and scientific progress, fostering societies where knowledge and reason take precedence over faith-based governance. This transformation has influenced contemporary issues such as education, governance, and public policy.

The evolution of societies is deeply rooted in their cultural practices, traditions, and shared values. Culture serves as the bedrock of societal identity, influencing how communities interact, innovate, and adapt to change. Language is a fundamental pillar of cultural identity and social development. It facilitates the transmission of knowledge, traditions, and ideologies across generations. The emergence of written languages enabled the recording of laws, historical accounts, and philosophical discourse, strengthening societal structures. Globalization and technological advancements have led to linguistic convergence, with English becoming the dominant international language. This linguistic shift has facilitated cross-cultural communication but also raised concerns about cultural homogenization and the erosion of indigenous languages.

Art and literature reflect societal values, struggles, and aspirations. From the Renaissance to modern digital media, artistic expressions have influenced political movements, challenged norms, and fostered social change. Writers like Orwell, Marx, and de Beauvoir have contributed to socio-political discourse, shaping ideologies that impact governance and human rights movements. Film, music, and digital content continue to serve as powerful tools for shaping public opinion, reinforcing or challenging dominant narratives in society [2].

Throughout history, societies have evolved through different developmental models, influenced by their worldview and socio-cultural foundations. Pre-modern societies were predominantly agrarian, characterized by hierarchical structures, feudalism, and religious governance. Land ownership determined wealth and power, while traditions dictated social roles and responsibilities. These systems persisted for centuries, shaping medieval European, Asian, and Middle Eastern civilizations.

The Industrial Revolution marked a shift from agrarian economies to industrial production, leading to urbanization, technological advancements, and economic growth. Capitalist ideologies, influenced by thinkers like Adam Smith and Karl Marx, shaped economic structures that continue to define modern societies. Capitalism fostered competition, innovation, and wealth accumulation but also led to social stratification and labor exploitation. The response to these challenges included the rise of socialist movements advocating for workers' rights, economic equality, and government intervention in social welfare.

The 21st century has ushered in a new phase of societal evolution characterized by digitalization, globalization, and postmodernist ideologies. The internet, artificial intelligence, and automation are reshaping industries, communication, and human interaction. Societies are now defined by information exchange, decentralized governance, and increased cultural fluidity. Postmodern perspectives challenge absolute truths, embracing diversity, relativism, and interdisciplinary approaches to knowledge. These shifts influence politics, economics, and social movements, redefining traditional power structures and cultural norms [3].

Despite progress, modern societies face numerous challenges that test their foundational principles. The clash between conservatism and progressivism, nationalism and globalism, and democracy and authoritarianism continues to shape contemporary politics. Media influence, misinformation, and ideological echo chambers exacerbate societal divisions, requiring new approaches to civic engagement and policy-making. Advancements in biotechnology, artificial intelligence, and genetic engineering raise ethical questions about privacy, identity, and the definition of humanity. Balancing innovation with ethical considerations is crucial for sustainable societal development. Climate change, resource depletion, and population growth present existential threats to human societies. Sustainable development models, ecological awareness, and global cooperation are necessary to address these challenges and ensure long-term prosperity.

The development of human society is a dynamic process shaped by philosophical worldviews, cultural values, and technological progress. From ancient traditions to modern digital landscapes, societies evolve through complex interactions between ideology, economics, and governance. Understanding these socio-cultural and worldview foundations allows us to navigate contemporary challenges, fostering a more inclusive, ethical, and progressive future. As we move forward, balancing tradition with innovation and individual freedoms with collective responsibility will be key to sustainable societal development.

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THE IMPACT OF CORPORATE TAXES ON SMALL AND MEDIUM ENTERPRISES

Small and medium enterprises (SMEs) play a crucial role in economic growth, employment, and innovation. However, corporate taxation significantly affects their financial stability and development. While taxes provide governments with essential revenue, high corporate tax rates can limit SMEs' ability to reinvest, expand, and compete with larger corporations. This thesis examines the impact of corporate taxes on SMEs and explores potential solutions to create a fair and efficient tax environment for small businesses.

*Understanding Corporate Taxes***.** Corporate tax refers to the tax imposed on the profits of businesses. It varies by country and is often progressive, meaning higher earnings result in higher tax rates. SMEs, which typically have fewer resources than large corporations, regularly struggle with compliance and financial burdens associated with taxation. Unlike multinational corporations, SMEs have limited opportunities for tax optimization, making them more vulnerable to high tax rates.

Corporate taxes also influence the overall business environment by determining the level of government intervention in private enterprise. In countries with high corporate tax rates, businesses may face additional financial constraints that hinder their ability to operate efficiently. On the other hand, regions with lower tax rates regularly attract more entrepreneurs, leading to a more dynamic and competitive marketplace.

Effects of Corporate Taxes on SMEs

1. *Financial Constraints:* High corporate taxes reduce the amount of capital SMEs can reinvest in business operations, leading to slower growth and lower job creation. Many SMEs struggle to generate enough profit to expand their businesses due to excessive taxation.

2. *Administrative Burden:* Tax compliance requires significant time and resources, often placing an additional financial strain on SMEs. Unlike large corporations, which have dedicated accounting teams, small businesses must regularly handle tax reporting themselves or hire costly external consultants.

3. *Investment Decisions:* Higher taxes discourage SMEs from expanding, hiring more employees, and investing in new technologies. When a significant portion of profits is allocated to taxes, small businesses may delay important investments that could improve their efficiency and competitiveness.

4. *Competitive Disadvantages:* Unlike large corporations, SMEs cannot afford sophisticated tax planning strategies, making them less competitive in the market. Larger companies may use international tax structures to reduce their liabilities, while SMEs have limited access to such strategies.

Case Studies and Examples. Several countries have implemented tax policies to support SMEs. For example, the United Kingdom offers a lower corporate tax rate for small businesses, allowing them to reinvest more capital. In contrast, high corporate tax rates in some European countries have led to slower SME growth and reduced competitiveness.

In the United States, the introduction of the Tax Cuts and Jobs Act in 2017 significantly reduced the corporate tax rate, which benefited many SMEs by enabling them to increase wages and invest in business expansion. Conversely, in countries with complex tax structures and high compliance costs, SMEs often struggle to remain profitable, leading to reduced economic activity.

Possible Solutions and Recommendations

1. *Lower Tax Rates for SMEs:* Implementing a reduced tax rate for SMEs can enhance their growth potential and economic contribution. Countries that offer preferential tax treatment for small businesses tend to have higher rates of SME success and sustainability.

2. *Simplified Tax Regulations:* Reducing bureaucracy and simplifying tax compliance can help SMEs save time and resources. Many businesses face difficulties in navigating complex tax codes, which can discourage entrepreneurship.

3. *Government Incentives:* Tax credits, deductions, and grants can encourage SMEs to invest in innovation and job creation. Policymakers should consider introducing financial incentives that specifically target small enterprises to help them compete in the marketplace.

Corporate taxation has a profound impact on SMEs, influencing their ability to grow, compete, and innovate. While taxes are necessary for public services and economic stability, governments should adopt tax policies that support SMEs rather than hinder their development. Implementing lower tax rates, reducing administrative burdens, and offering incentives can create a more balanced tax system that benefits both businesses and economies.

A well-structured tax system should aim to balance revenue collection with economic growth. Over-taxation can stifle entrepreneurship, whereas fair and reasonable tax policies can promote a thriving business sector. Governments must continuously evaluate their tax systems to ensure they foster SME development and encourage long-term economic prosperity.

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ECONOMIC SECURITY OF UKRAINE UNDER MARTIAL LAW

Ukraine's national security has been exacerbated by external threats and internal risks, including economic transnationalization, debt dependence, budget imbalance, weak investment activity, and an underdeveloped stock market. State policy is focused on ensuring security in various areas, including military, economic, and cybersecurity. Since 2014, the key threat has been Russian aggression, which in 2022 escalated into a full-scale invasion, creating risks for the entire European security system.

Economic security as a field of economic science emerged due to global resource constraints and energy crises in the 1970s. The term was first officially established in 1985 in the UN resolution "International Economic Security." Initially, research focused on international economic security, and later shifted to national security, leading to the emergence of the concept of "ecosestate" (economic security of state) in the context of demographic, environmental, social, and political issues.

Modern conflicts have a hybrid nature, combining military, economic, and informational methods of influence. Aggressors use propaganda, cybercrime, and economic pressure to destabilize the target country, create internal conflicts, and weaken its economy. The openness of states to global markets increases the threats to economic security. Protecting national interests is linked to the competitiveness of the economy and the ability to counter both external and internal risks.

After the pandemic, the global economy began to recover, growing by 6.1 % in 2021. However, in 2022, its growth slowed to 3–4 % due to stagflation, the war in Ukraine, the cost of living crisis, and issues in the Chinese economy. The Russo-Ukrainian war became the greatest threat in Europe since World War II, causing inflation, supply disruptions, and threats to energy and food security.

In 2022, Ukraine's GDP was projected to shrink by 45 % due to occupation, destruction of infrastructure, business suspension, loss of access to sea routes, and mass migration. According to the results of the second and third quarters, GDP declined by 37.2 % and 30.8 %, respectively – the largest drop in the last decade.

The budget deficit increased due to higher spending on security, defense, and support for the population, as well as a decline in tax revenues (from 81.3 % in January-February to 53.1 % in October). In the 2022 state budget, an additional 270.2 billion UAH was allocated through domestic borrowings, of which 269.5 billion UAH was directed to defense.

In the 2023 budget, 50 % (1.1 trillion UAH) is allocated to defense, 35 % (800 billion UAH) to social payments, funding for the Pension Fund is increased by 30 billion UAH, a fund for war consequences mitigation is created (19 billion UAH), housing for veterans is provided (5.5 billion UAH), and expenses for the government apparatus are reduced by 11.6 billion UAH.

Since 2014, Ukraine has been experiencing economic pressure from Russia due to the severing of ties and the loss of markets. In 2022, the blockade of ports and destruction of infrastructure reduced export revenues, worsening the balance of payments. Capital outflow in the first quarter of 2022 amounted to 6 billion USD, increasing the need for international financial assistance.

Mass unemployment and migration have negatively affected the labor market. Thirty percent of jobs (4.8 million) have been lost, over 6.4 million people have left the country, and 7.7 million have become internally displaced, most of whom have higher education.

In the third quarter of 2022, inflation in Ukraine reached 21.8 %, with transportation prices rising by 38.2 %, food prices by 27.3 %, and household goods by 23.7 %. The main reasons were infrastructure destruction, rising global prices, adjustments in the exchange rate of the hryvnia, and increased fuel and energy costs. At the same time, the increase in the NBU's key interest rate and frozen tariffs may slow down inflation.

Direct losses from the war were estimated at 136 billion USD as of November 2022, including damage to housing (52.5 billion), infrastructure (35.6 billion), and industrial enterprises (13 billion). Post-war reconstruction involves digital transformation, transition to green energy, and the use of international financing in line with the 2030 Agenda for Sustainable Development.

Ensuring investment security is becoming a key factor in economic development, especially for developing countries. Economic security promotes the attraction of private capital, reduces uncertainty, and improves financial stability. However, excessive dependence on foreign investments can lead to vulnerability to fluctuations in global markets, an increase in public debt, and threats to national sovereignty.

In the post-war period, a promising sector for strengthening economic security is information technology. Its development will contribute to digitalization, the fight against corruption, and business activation. In Ukraine, since 2012, the number of enterprises has increased from 1.6 million to 1.97 million in 2020, and the volume of produced goods has tripled. Small and medium-sized enterprises, which generate two-thirds of sales and provide jobs for 8.9 million people, play an important role in strengthening the economy.

In 2020, the largest contribution to GDP from SMEs came from China (60 %), Ukraine (52 %), and the USA (44 %), while in EU countries this figure was only 25 %. According to N.V. Reznikova, in recent years, the number of SMEs in EU countries has remained almost unchanged, but the added value has grown. The SME sector provided 85 % of new jobs in 2014–2018, with employment in the EU reaching 92.8 million people (72 % of the total). The digitalization of public services enhances anti-corruption and economic effects by automating customs processes, improving services, and reducing time costs. The implementation of Industry 4.0 fosters sustainable growth by reducing investment risks, environmental impacts, and accelerating design. Digitalization spans all sectors of the economy and creates a new economic model based on societal and technological principles, promoting investment and the development of joint ventures.

The prospects for innovation parks in Ukraine are determined by factors such as deregulation, low levels of informal payments, availability of information on public procurement, platforms for communication between authorities and businesses, a secure business environment, entrepreneur participation in business associations, and infrastructure development. Cities like Khmelnytskyi, Ternopil, Vinnytsia, Ivano-Frankivsk, and Lviv already have favorable conditions for business, allowing the creation of powerful financial centers. For the stable development of the country, reforms aimed at increasing transparency, creating anti-corruption institutions, fostering a favorable investment environment, developing high-tech industries, and implementing international corporate governance standards are crucial. In addition to the government, economic security depends on businesses and citizens: investing in research, developing supply chains, supporting liquidity, and investing in education and entrepreneurship.

In the context of the COVID-19 pandemic, geopolitical instability, and the consequences of Russian aggression, it is advisable to create an economic forum in the format of a military "Ramstein" for cooperation and coordination of actions among participant countries to restore the economy. This would include joint investment projects, infrastructure initiatives (transport, energy, digitalization), and financing for SMEs in various sectors. The issue of reparations, particularly through the transfer of Russian assets to Ukraine, and the signing of a maritime security strategy for the Black Sea, should also be addressed. The economic "Ramstein" initiative would contribute to strengthening regional security and sustainable economic development.

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PECULIARITIES OF FINANCIAL MONITORING IN UKRAINE UNDER MARTIAL LAW

The development and establishment of financial monitoring, as evidenced by the experience of developed countries, as well as Ukraine's own, albeit limited, experience, confirm its significance in enhancing the transparency of the financial system. The functioning of Ukraine's financial system in accordance with international standards is a crucial lever for further economic development and ensuring financial security. Of course, the war will introduce adjustments to the development of the national economy, and in the future, it will be necessary to reconsider financial management methods, particularly financial monitoring at all levels of state governance. This will contribute to obtaining objective information for making effective managerial decisions. The importance of financial monitoring depends on the dynamism of the studied phenomena, which must be taken into account, negative trends tracked, and timely adjustments made. Together, these factors create a high level of relevance for research in this field.

According to the provisions of the legislation, financial monitoring is a set of measures undertaken by authorized entities in the field of preventing and countering the legalization (laundering) of proceeds obtained through criminal means, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction. It is carried out in the form of:

- State financial monitoring;
- Primary financial monitoring [7].

Despite the rather specific definition of financial monitoring, it is a deeply complex concept. Of course, the primary objective of financial monitoring is to ensure national security through measures aimed at detecting and preventing the legalization of proceeds obtained through criminal means, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction.

At the same time, these measures create the prerequisites for strengthening international financial security

According to A. V. Akimova, the tasks of financial monitoring as a component of the state financial control system should be differentiated into:

- **Primary tasks**: detecting financial crimes and minimizing the concealed nature of financial transactions that may be linked to criminal activities; implementing a broad range of preventive measures; increasing the transparency of financial activities and promoting responsible financial behavior.

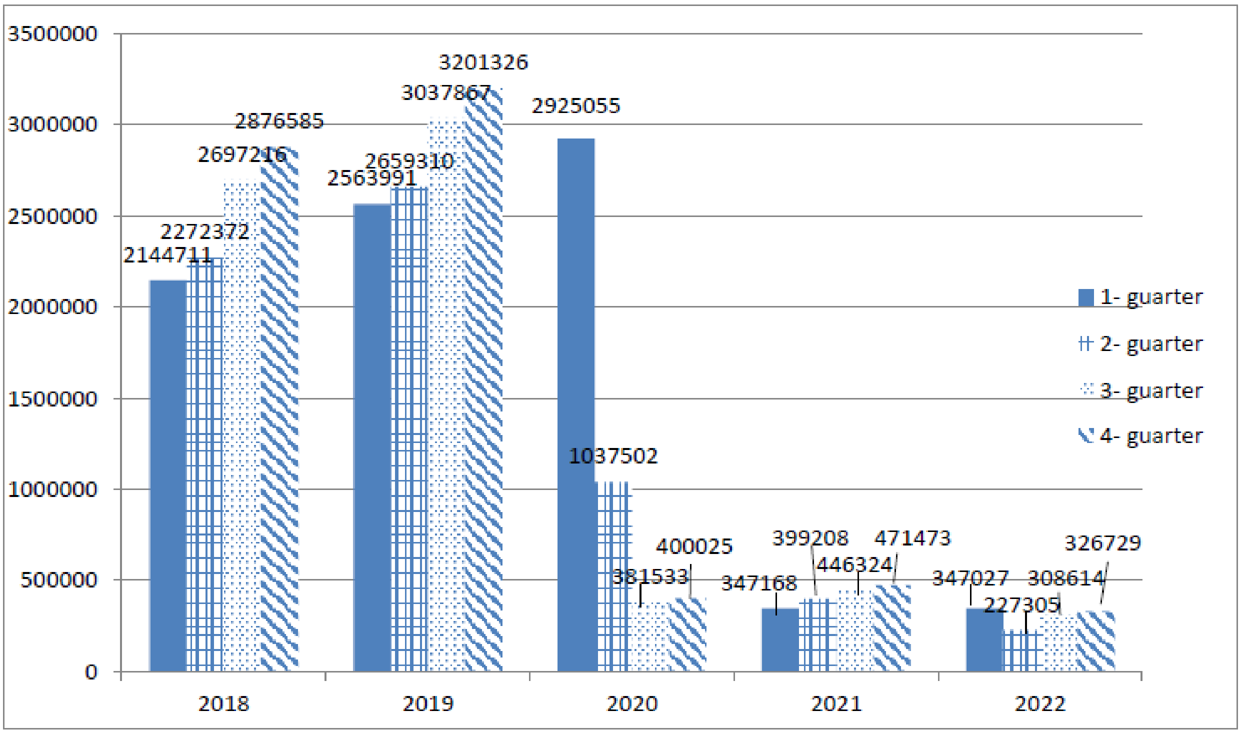
- **Auxiliary tasks**: providing methodological support for proper information disclosure and the identification of financial crimes and the legalization of proceeds obtained through criminal activities; ensuring the flow of information between financial monitoring entities and law enforcement agencies, among others [1].

Another aspect is that proceeds obtained through criminal means must not be legalized under any circumstances. Individuals who engage in such financial transactions act not only in violation of the law and general moral norms but also profit from them.

In compliance with international standards on financial monitoring (intelligence) and in accordance with the requirements of current legislation, the State Financial Monitoring Service of Ukraine operates. Given the external threats facing the state, the mobilization of all resources and efforts to counter them remains relevant and crucial.

As noted by a number of researchers, the formation of Ukraine's financial monitoring system is influenced by several factors, including a high level of economic shadowing, corruption, an underdeveloped financial market, overlapping responsibilities among various agencies and institutions, low levels of automation and information exchange, as well as shortcomings in legislative and organizational support. These issues affect the effectiveness of coordination among financial monitoring entities, while the implementation of global standards and practices for countering money laundering lacks practical tools for realization [2; 10].

As of today, with the use of the Unified Information System in the field of preventing and countering the legalization (laundering) of proceeds obtained through criminal means, the financing of terrorism, and the financing of the proliferation of weapons of mass destruction (ISFM), the State Financial Monitoring Service processed over 1,209,675 reports in 2022. This represents a decrease of 27.4 % and 74.5 % compared to 2021 and 2020, respectively (see figure).



It should be noted that in 2022, the number of financial transaction reports received by the State Financial Monitoring Service decreased compared to the corresponding periods of previous years. This reduction occurred due to a revised approach to identifying financial transactions subject to financial monitoring, as outlined in the updated fundamental law dated December 6, 2019, No. 361-IX [7], and as a result of martial law in Ukraine, introduced by the Presidential Decree of February 24, 2022, No. 64/2022 "On the Introduction of Martial Law in Ukraine" (with amendments) [5].

The most active entities in the reporting system, among primary financial monitoring subjects, are banks, which submit the majority of reports on transactions subject to financial monitoring. However, since the introduction of martial law in Ukraine on February 24, 2022, the banking and financial sectors of the economy have undergone significant changes, particularly in their regulatory framework. Certain financial monitoring mechanisms were no exception, as they were adapted to some extent to meet the needs of Ukraine’s current circumstances under martial law [4].

Due to the introduction of martial law in Ukraine, a number of simplified mechanisms for financial monitoring were implemented, which were reflected in the resolution of the Board of the National Bank of Ukraine "On the Specifics of Implementing Certain Legislative Requirements in the Field of Financial Monitoring, Currency Supervision, and Supervision of the Implementation and Monitoring of the Effectiveness of Personal Special Economic and Other Restrictive Measures (Sanctions) During the Period of Martial Law" dated March 23, 2022, No. 60, which came into force on March 24, 2022 [9].

Thus, according to paragraph 1 of Resolution No. 60, during the period of martial law, national banks do not take the measures specified by the Law of Ukraine "On Prevention and Counteraction to the Legalization (Laundering) of Proceeds from Criminal Activity, Financing of Terrorism, and Financing of the Proliferation of Weapons of Mass Destruction" (Anti-Money Laundering/Terrorism Financing Law) and the regulatory acts of the National Bank of Ukraine to establish the sources of origin of cash funds if they are deposited by the client for the purpose of crediting to:

- Accounts of the Armed Forces of Ukraine for providing assistance to the Armed Forces of Ukraine and a special account opened by the National Bank of Ukraine to provide assistance to the Armed Forces of Ukraine;
- The current account of the Ministry of Social Policy of Ukraine, opened in the National Bank of Ukraine for charitable assistance and providing support to the most vulnerable groups of the population;
- Accounts of Ukrainian banks for the purchase of domestic government bonds "Military Bonds".

In addition, another feature of financial monitoring during martial law has been the simplified procedure for the identification and verification of buyers of military bonds from certain categories of individuals when they open accounts for purchasing domestic government bonds "Military Bonds." This particularly applies to Ukrainian citizens who reside permanently or temporarily outside of Ukraine, as well as non-resident individuals (excluding citizens of the Russian Federation and Belarus). When opening accounts for the purchase of military bonds, banks have the right to independently (i.e., banks are granted discretion) conduct the identification and verification of individuals.

According to paragraph 8 of Resolution No. 60, during the period of martial law, the National Bank of Ukraine suspended the conducting of scheduled and unscheduled on-site inspections, as provided by the Regulation on the Procedure for Organizing and Conducting Supervision in the Field of Financial Monitoring, Currency Supervision, and Supervision of the Implementation and Monitoring of the Effectiveness of Personal Special Economic and Other Restrictive Measures (Sanctions), approved by the Board of the National Bank of Ukraine's resolution dated June 30, 2020, No. 90, and is conducting remote supervision in the field of financial monitoring [8].

During the period of martial law in Ukraine, special rules for financial monitoring will apply, as follows from the fact that on March 17, 2022, the Law of Ukraine "On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Regarding the Application of Provisions During Martial Law" came into effect [6]. This law amended the section of final and transitional provisions of the Anti-Money Laundering/Terrorism Financing Law, according to which the rules for financial monitoring by banks were changed when clients' individuals deposit cash into their current accounts. Specifically, when a client an individual deposits cash into a current account in an amount equal to or exceeding the threshold for a financial transaction, the bank is not obligated to establish the source of the origin of these funds if the client does not provide the required documents or information upon the bank's request. Banks are prohibited from conducting expenditure operations with such funds (issuing funds in cash or transferring them), with the exception of instructions to transfer the funds to special accounts opened by the National Bank of Ukraine to support the Armed Forces of Ukraine and/or for humanitarian aid to Ukrainians affected by the actions of the aggressor state, the Russian Federation, as well as for transferring funds to purchase domestic government bonds "Military Bonds."

The restoration of expenditure operations with funds deposited in cash into the current accounts of individual clients during the period of martial law, without establishing the source of their origin, can be carried out by the bank in the following cases: after the termination or cancellation of martial law or the state of war in Ukraine; after the bank has taken measures to establish the source of such funds in accordance with the requirements of the Anti-Money Laundering / Terrorism Financing Law.

If a bank suspects that cash deposited by a client an individual is linked to assets related to the financing of terrorism or the financing of the proliferation of weapons of mass destruction, the bank is obligated to immediately freeze these assets without prior notification to the client and notify the Security Service of Ukraine in the manner prescribed by law about the frozen assets. If the bank receives information from the Security Service of Ukraine that the bank's suspicion has not been confirmed, the bank is required to unfreeze the relevant assets no later than the next business day after receiving the corresponding information; no later than the next business day after unfreezing the assets, the bank must inform the Security Service of Ukraine about this in the manner prescribed by law. Thus, during the period of martial law under the above conditions, the bank is not required to notify the Special Authorized Body about suspicious financial transactions, the freezing/unfreezing of assets, as provided under the general rules of financial monitoring. Furthermore, within 30 days after the termination or cancellation of martial law or the end of the war in Ukraine, the bank will be obligated to provide the Special Authorized Body with information about the frozen assets in accordance with the requirements of the current legislation.

In summary, the key innovations in the field of financial monitoring should be noted for significantly easing the execution of financial transactions with cash, which individuals transfer for the needs and support of the Armed Forces of Ukraine and for assisting the most vulnerable segments of the population, as well as the mechanisms for the identification and verification of certain categories of buyers of domestic government bonds "Military Bonds." Further research and development in this area should be aimed at creating a unified system for a comprehensive assessment of the effectiveness of financial monitoring.

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FOREIGN DIRECT INVESTMENT IN UKRAINE: FINANCIAL MECHANISMS AND TAX INCENTIVES

The globalization of world processes and the integration of international business are key factors of economic development, especially for countries undergoing periods of crisis transformation. In the context of russia's full-scale invasion, Ukraine has faced significant economic shocks that have substantially affected the inflow of foreign investments. Nevertheless, despite high risks, Ukraine remains an attractive destination for investors due to its significant market potential, natural resources, human capital, and future opportunities for economic recovery. At the same time, the new realities require fundamentally new approaches to the economic policy of the Ukrainian government in attracting such investments. One such approach is tax incentives. The ability to offer an internationally competitive tax system is increasingly considered as a key factor shaping the investment climate.

Foreign investment refers to capital inflows from foreign individuals or legal entities into enterprises, infrastructure, or economic projects in another country. These can take the form of direct investments (contributions to the establishment or acquisition of companies) or portfolio investments (purchases of stocks, bonds, etc.) [1, p. 42]. According to annual UNCTAD reports, foreign direct investment (FDI) flows to Ukraine have shown an unstable trend (Fig. 1) [2].

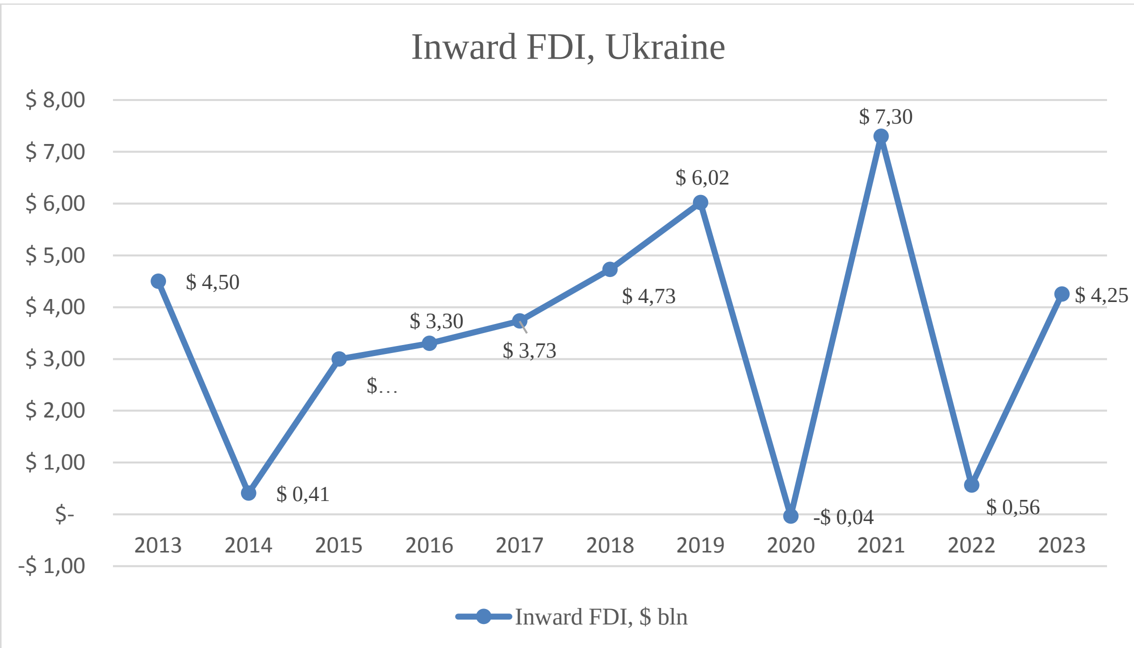

Fig. 1. Foreign Direct Investment in Ukraine, USD billion, 2013–2023 [2]

In the era of globalization, this is primarily explained by political, economic, and social events of both global and regional significance. A sharp decline in foreign investment inflows was observed in 2014 during Russia's armed aggression and the occupation of Crimea together with the eastern regions, at an absolute reduction of nearly USD 4 billion. In 2022, amid the full-scale invasion, the decline amounted to USD 6.74 billion. The period from 2015 to 2019 reflects a gradual increase in FDI inflows to Ukraine due to the overall stabilization of the economic and political situation. The year 2020 mirrored the global trend of declining business activity caused by the COVID-19 pandemic, leading to a USD 6.06 billion drop in FDI. Despite the ongoing russian military aggression against Ukraine, 2023 shows a gradual increase in foreign investments, driven by investors' growing interest in urgent and long-term recovery projects, supported by substantial international donor assistance.

Overall, both internal and external factors influence FDI, determining a country's attractiveness to foreign investors. These factors include political stability, the economic environment of the host country, legal protection and the judicial system, the size and accessibility of the potential market, the availability of skilled labor resources, international relations, and government policies on investment incentives and support [3].

Let us take a closer look at the financial mechanisms for attracting FDI through tax incentives (Fig. 2) [4]. Tax incentives are an effective government tool for improving a country's investment appeal and overall business climate. One of the most common methods used primarily by developing countries to attract FDI is tax holidays. Under tax holidays, qualifying "newly established companies" are exempt from corporate income tax for a specified period (e.g., five years) to encourage investment. Meanwhile, investment tax credits will have the most stimulating effect when directed toward short-lived assets rather than long-lived assets with the same productivity [5].

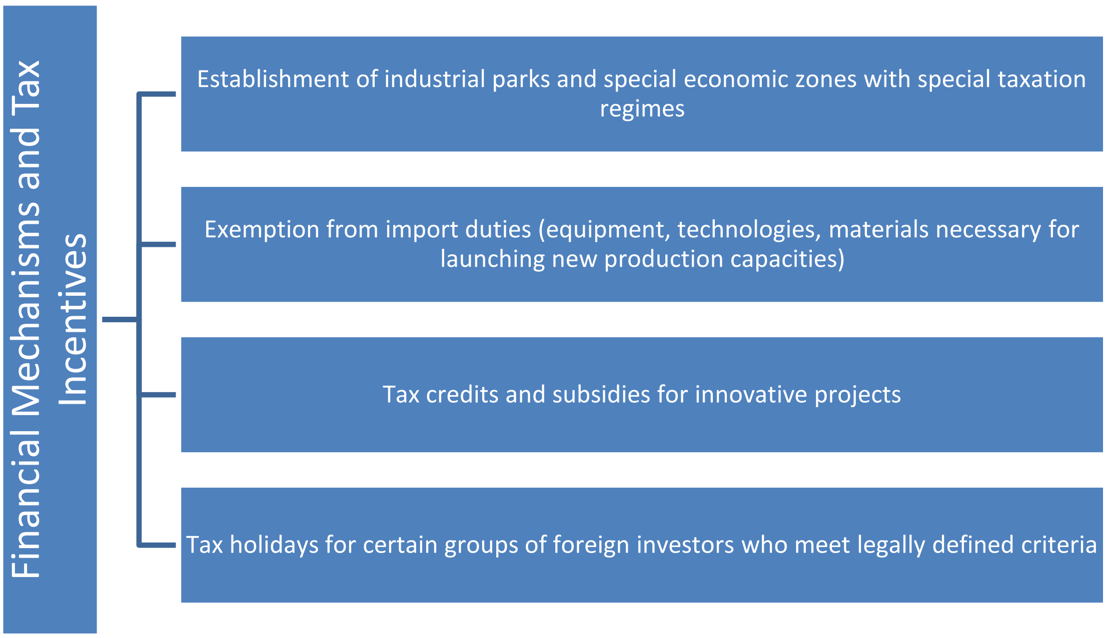

Fig. 2. Financial Mechanisms for Attracting FDI and Tax Incentives

In any case, ensuring tax incentives in special economic zones or newly created industrial parks allows the government to direct FDI to the sectors and regions recognized as the most relevant and effective. Exemptions from import duties on certain specified groups of goods enable the attraction of not only FDI but also critically needed advanced technologies and materials necessary for launching new production facilities.

Despite the war, the Ukrainian government has launched efforts to attract up to $400 billion in foreign investments across various sectors, including technology, agribusiness, clean energy, defense, metallurgy, and natural resources. Additionally, Ukraine's recovery efforts are expected to draw investments totaling hundreds of billions of dollars from governments, international financial institutions, and the private sector [3].

Thus, the increase in foreign direct investment (FDI) in 2023 can be explained by several factors. The first is the stable support of international financial organizations in both implementing the country's recovery projects and providing budgetary and military assistance. All of this, along with Ukraine's candidate status for EU membership, has significantly boosted international investors' confidence in the Ukrainian market. The second, no less important factor, is the reforms implemented by the Ukrainian government and the Verkhovna Rada aimed at improving the business climate. Key legislative measures include the adoption of the Law of Ukraine *"On Amendments to Certain Legislative Acts of Ukraine Regarding the Implementation of Investment Projects with Significant Investments"*, as well as the Law *"On Industrial Parks"*, which provides for the support and creation of industrial and eco-industrial parks, particularly in regions accommodating relocated enterprises [6].

These regulatory acts provide foreign investors with infrastructure for war risk insurance through both international agencies and Ukrainian (state and private) institutions. Projects with significant investments exceeding €12 million may receive compensation of up to 30 % of the invested amount. Furthermore, the legislation includes incentives such as corporate income tax exemptions, VAT and import duty exemptions on new equipment and components, construction or reimbursement of engineering and transport infrastructure, compensation for connection costs to engineering and transport networks, land lease agreements without competitive bidding, and reduced land lease rates, among other benefits [7].

In conclusion, in the era of economic globalization, the flow of foreign direct investment is influenced by political, economic, and social factors at both the regional and global levels. Over the past 10 years, Ukraine has experienced an unstable trend in attracting FDI. Despite the severe impact of the war on the investment climate, reconstruction efforts, international support, and effective government policies-particularly in the area of tax incentives-are expected to play a decisive role in Ukraine's economic recovery, positioning it as a potential hub for future investments.

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FINANCIAL ACCOUNTING IN BANKS: THE KEY TO TRANSPARENCY AND STABILITY

Financial accounting in banks plays a vital role in ensuring the transparency, stability, and efficiency of financial institutions. It encompasses the processes of recording, summarizing, and reporting financial transactions in accordance with regulatory requirements and international financial standards. This structural approach provides a clear picture of bank's financial position, which is essential for both internal control and external oversight.

1. Financial Planning and Budgeting in Banking Institutions

Financial planning is a fundamental component of banking operations, as it establishes a systematic approach to resource allocation, risk management, and long-term stability. Typically, banks develop budgets that account for operational expenses, investments, and income forecasting for upcoming periods.

As noted by researchers N. Kara and I. S. Protsyk in their article, "effective budget planning enhances the bank's ability to adapt to economic fluctuations and maintain liquidity" [2, p. 231]. However, financial planning often faces challenges, particularly regarding adaptation to international economic changes. Given the global nature of banking activities, there is a growing need to implement modern financial forecasting tools and analytical models to improve decision-making processes.

One of the key aspects of the budgeting process is risk management. Scholars emphasize that "financial planning mechanisms in banking institutions should include risk assessment strategies, scenario analysis, and automated budget control systems" [2, p. 235]. Such measures enable banks to respond more swiftly to external challenges and maintain financial stability even during economic downturns.

2. Accounting and Reporting in Financial Systems of Banks

Financial reporting serves as the primary communication tool between the bank, its investors, and regulatory authorities, as it forms the basis for managerial decisions and evaluating the institution's financial condition. Banks are required to prepare a range of financial statements, including the balance sheet, the income statement, and the cash flow statement. It is essential that these reports comply with International Financial Reporting Standards (IFRS), as this ensures their consistency and comparability in global markets [1, p. 47].

With progress of digital technologies, financial accounting faces new challenges, particularly in managing transactions involving electronic money and digital assets. As reported in journal "Accounting and Finance", monitoring problematic loans and forming reserves for credit losses require increased attention due to the emergence of new financial instruments [1, p. 53].

3. Financial Monitoring and Risk Management

Financial monitoring is a critical component of bank management, as it aims to detect and prevent financial crimes, including money laundering. According to A. Ragulina, banks implement advanced financial monitoring systems to promptly track high-risk operations and comply with legal requirements related to anti-money laundering (AML) [3, p. 888].

Recently, financial institutions have increasingly adopted automated monitoring systems that analyze transaction patterns and detect suspicious activities in real time. "Effective financial monitoring is based on reliable data management systems, regulatory requirements, and internal auditing" [3, p. 889].

In conclusion, financial accounting in banks is a fundamental function that supports the transparency and stability of financial institutions. By adopting modern budgeting methods and implementing effective financial monitoring systems, banks can improve their financial performance and regulatory compliance. The future development of financial accounting is likely focused on digital transformation and strengthening risk management mechanisms to address emerging challenges in the banking sector.

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POLISH REFORMS IN THE FINANCIAL SECTOR

The 1989 Balcerowicz Plan initiated a rapid transition from a centrally planned economy to a market economy, which included price liberalization, market opening for international trade, and privatization of state-owned enterprises. Poland's accession to the EU in 2004 was marked by significant economic growth, allowing the country to benefit from the single structural funds and expand access to European markets.

The 2022 tax reforms ("Polish system") reduced tax rates for low-income workers and encouraged the abolition of retirement for older workers. Tax changes in 2025 include the introduction of the Global Minimum Taxation (GloBE) rules, which are included in the international corporation operating in Poland. R&D reforms are aimed at stimulating innovation and attracting investment in high-tech sectors of the economy.

Increasing public spending on health care to 6 % of GDP by 2024 and 7 % by 2027, financed by tax reforms, contributes to improving social security. OECD calls for spending cuts and tax increases in 2025 highlight the need to strengthen public finances and ensure economic stability. Efforts to reform state-owned enterprises aim to increase competition and productivity, which is key to economic security.

Changes in the taxation of family foundations have raised concerns among wealthy citizens and may affect the investment climate. The improvement in the economic freedom rating against the positive impact of financial and tax reforms on the business environment. The growth of public debt requires prudent fiscal policies to prevent financial risks and ensure economic security. Social security reforms aim to reduce subsidies and create an effective social protection system.

Infrastructure investments support economic growth and increase the country's competitiveness in the international arena. Changes in tax rates and benefits affect the behavior of consumers and businesses, stimulating or restraining economic activity.

Strengthened control over the profit repatriation tax requires companies to carefully analyze cross-border payments and comply with new rules.Diversification of the economy through tax incentives helps reduce the influence of individual sectors and increase the sustainability of the economy. Improving tax administration reduces the level of tax evasion and increases state budget revenues.

Attracting foreign direct investment through favorable tax conditions promotes economic modernization and job creation. Fiscal decentralization allows local authorities to use resources more efficiently and respond to community needs. Increasing the transparency of the budget process strengthens the trust of citizens and investors in public finances.

The stability of the tax system is a key factor for long-term business planning and ensuring the economic The introduction of the Global Minimum Tax (GloBE) from 2025 obliges large companies with revenues above €750 million to calculate the effective tax rate and pay additional tax if the rate is lower than 15 %.

Changes in real estate taxation from 2025 expand the definition of tax objects, including new types of assets, which affects industrial enterprises. The introduction of mandatory electronic reporting of JPK CIT from 2025 for the largest taxpayers requires updating accounting systems and preparing for new requirements.

The local minimum income tax from 2024 obliges companies with low profitability or losses to pay a minimum tax, which incentivizes efficiency.

Planned changes to the taxation of family foundations aim to limit commercial activity and maintain the focus on family asset management.

Postponing the introduction of the mandatory electronic invoicing system (KSeF) until 2026 gives businesses time to prepare and adapt.

The review of special economic zones and tax breaks in light of GloBE encourages Poland to seek new incentives for investors that are compatible with international standards. Expected investments of over PLN 650 billion in 2025 are aimed at stimulating economic growth and modernizing infrastructure.

The increase in EBRD investments in Poland to €1.3 billion in 2023, with a focus on green finance, underlines the country's growing attractiveness for international investors. Poland plans to introduce a tax on large technology companies despite potential trade disputes with the US, reflecting a desire for tax fairness. Poland's expected budget deficit to exceed the 3 % of GDP threshold in 2023 could trigger an EU excessive deficit procedure, requiring fiscal adjustment.

OECD recommendations to cut spending and raise taxes highlight the need for fiscal consolidation to ensure economic stability. The International Monetary Fund stresses the need for reforms to support Poland's economic success, particularly in the context of an ageing population and climate investments. The increase in the minimum wage in 2024 to PLN 4,242 from January and PLN 4,300 from July reflects efforts to improve workers' well-being. The decrease in inflation in the second quarter of 2024 to 1.4 % indicates the effectiveness of monetary policy and price stabilization. The increase in Polish exports to €351 billion in 2023, with an emphasis on machinery and vehicles, underlines the country's competitiveness in international markets.

Poland ranks fourth among the most attractive countries for outsourcing, which indicates the country's growing role in global supply chains. Poland's leadership in the business services sector in Central and Eastern Europe, with over 1,800 centers and 430,000 employees, underlines the importance of the industry for the economy.

The implementation of environmental, social and governance (ESG) standards is becoming a priority for Polish companies, which contributes to sustainable Poland plans to introduce a digital tax on large technology companies in 2024–2025, which aims to increase tax fairness. Tusk's government focuses on openness in investment policy, which stimulates foreign capital to be attracted to strategic industries.

As part of the fiscal reform, the corporate income tax for small businesses was reduced to 9 %, which increases their competitiveness. Poland has stepped up the fight against tax evasion schemes by introducing the SAF-T system for controlling accounting reports. Automation of tax collection and electronic administration have reduced the size of the shadow economy. A new progressive taxation model has been introduced since 2023, which reduces the burden on the middle class. Poland received high marks from the IMF for its stable tax base and moderate debt burden.

After the pandemic, the country conducted a review of public spending to ensure the efficiency of budget funds. The Polish government is working to create favorable conditions for the development of the green economy, offering tax breaks for sustainable projects. The reform of local budgets has given regions greater authority in the use of tax revenues, which has increased financial autonomy. Poland is actively cooperating with the EU to adapt tax policy to the requirements of the green transition. The introduction of anti-crisis financial instruments has reduced the risk of budget deficits and made it possible to stabilize the exchange rate. The Polish government plans to reduce public debt to 47 % of GDP by 2026, thanks to financial reforms.

Strengthening control over transfer pricing has made it possible to avoid budget losses from intra-group transactions of international companies. Poland has introduced a system of indicative indicators of economic security, which allows for a prompt response to financial threats. A stable tax system allows Poland to remain one of the most attractive markets in CEE (Central and Eastern Europe). The government has developed a long-term strategy for fiscal sustainability until 2030, which takes into account demographic challenges.

Poland's public finances demonstrate an increase in budget revenues, in particular thanks to the effective digital tax platform e-Tax. New tax reforms are aimed at balancing fiscal discipline and social guarantees. Poland has become an example for neighboring countries, in particular Ukraine, in the context of effective tax modernization and public finance management

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ANALYSIS OF BANKING SECTOR RISKS IN THE CONTEXT OF FINANCIAL SECURITY OF THE STATE UNDER MARTIAL LAW

A stable and reliable banking system is crucial for economic growth, providing credit to businesses and consumers. Adequate banking supervision is essential for maintaining financial stability and ensuring national economic well-being.

In the conditions of macroeconomic instability, banks face many risks that threaten their solvency, liquidity, and overall stability. Studying these risks is vital for developing effective risk management mechanisms to safeguard the banking system's reliability and the state's economic security.

Ensuring banking safety includes monitoring compliance with regulatory requirements, risk management, and maintaining an adequate level of capital. These regulations are key tools to ensure the financial stability of individual banks and the banking system as a whole [2; 3; 5]. A key element of contemporary banking regulation is the implementation of a risk-oriented approach to supervision.

According to the NBU's risk map, the level of macroeconomic risk has remained consistently high over the past three years, being the highest compared to other risks in the banking sector (fig. 1).

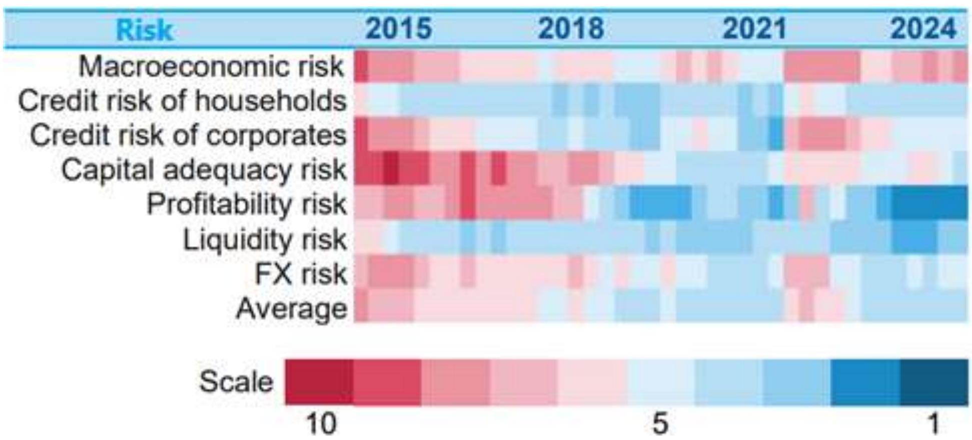
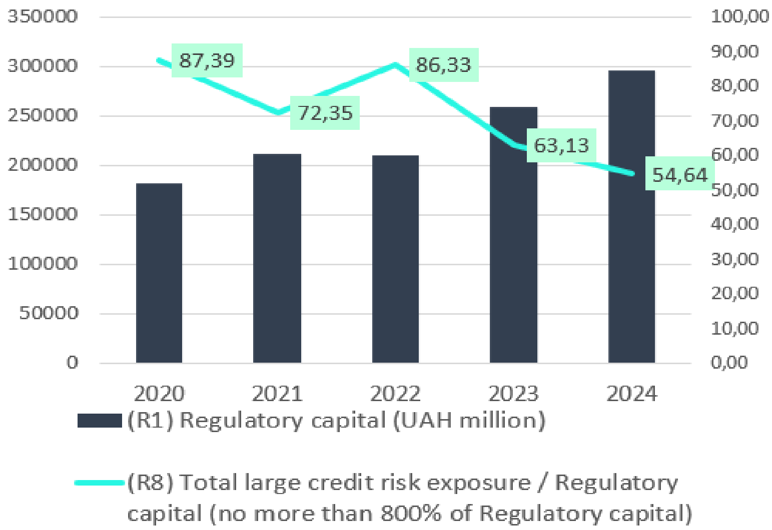


Fig. 1– Financial sector risk heatmap

Source: [4].

The full-scale war has led to a significant decline in economic activity, disruption of production and supply chains, resulting in increased insolvency risks for banking institutions and a growing share of non-performing loans in bank portfolios. Additionally, military actions have intensified the activities of cybercriminals and state-sponsored hacking groups targeting banks to steal data, destroy information, commit financial fraud, and destabilize the country's financial system. This necessitates strengthened regulatory oversight, adaptation of approaches for managing insolvent borrowers, and the development of new liquidity management tools amid limited resource support from the National Bank of Ukraine, which is crucial for ensuring the financial stability of the banking system. At the same time, stable inflows of international financial assistance partially mitigate these risks.

Prudential ratios of banks are one of the key indicators that allow analyzing not only the efficiency of the banking sector development, but also the efficiency of the banking system regulation; these ratios are shown in Fig. 2. The banking sector's ratios are currently within the regulatory range, but the problem is the gradual deterioration of the situation.



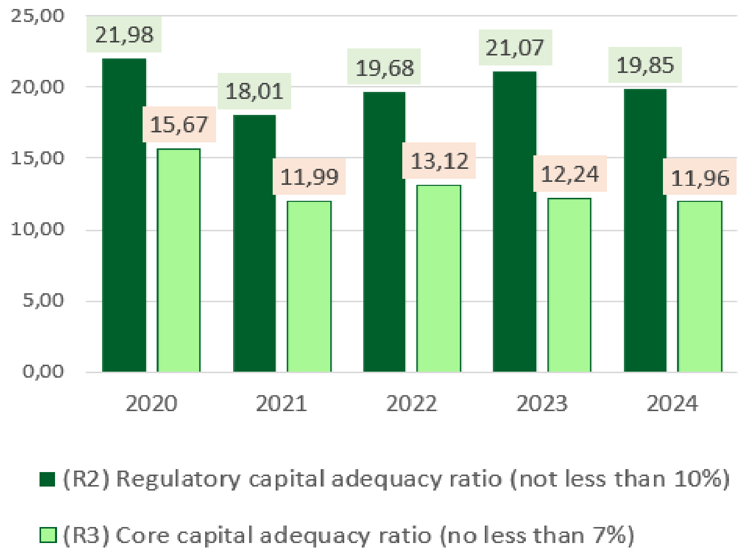


Fig. 2 – Dynamics of key ratios in the banking sector of Ukraine

Source: Created by author based on [1; 6].

The banks' liquidity further does not raise any concern. Short-term LCR ratios in all currencies and in foreign currencies are more than triple the minimum requirements. The banks also meet NSFRs with a margin. The share of high-quality liquid assets (HQLA) in the banks' assets remains significant, at almost 39 % [1].

According to the data provided by the NBU, banks maintain a high level of liquidity, which is ensured by a significant amount of highly liquid assets and a stable inflow of resources from customers. This creates favorable conditions for expanding the loan portfolio and investing in government securities to support budget financing. At the same time, stricter reserve requirements, an increased corporate tax burden, and planned dividend payments by state-owned banks may temporarily transform the structure of liquid assets, requiring banks to take a more active approach to liquidity management.

As illustrated in Fig. 3, short-term liquidity ratios (LCR) in both national and foreign currencies significantly exceed the minimum requirements - by more than three times. Banking institutions also meet the long-term liquidity ratio (TLR) with a margin. The share of highly liquid assets in the overall structure of banks' assets remains significant, despite macroeconomic challenges.

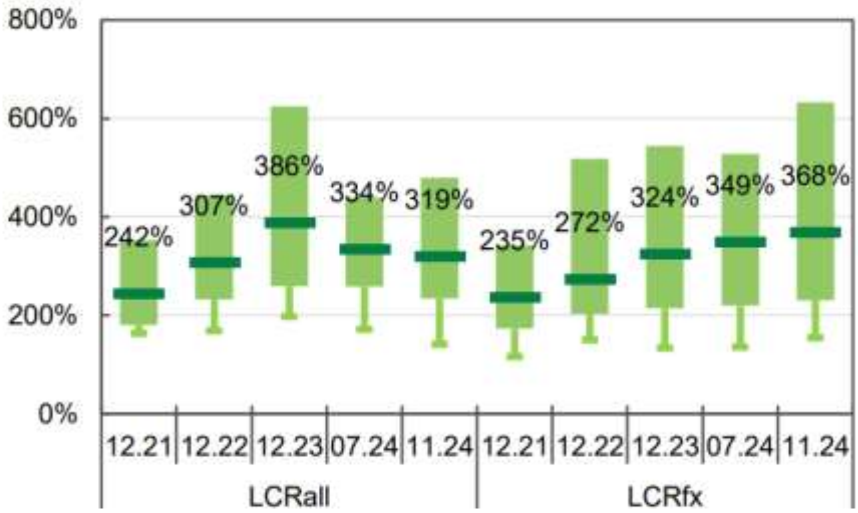


Fig. 3 – Liquidity coverage ratios in all currencies (LCRall) and FX (LCRfx)

Source: [4].

Customer funds remain the primary source of funding for banking institutions, accounting for 92 % of their liabilities. Despite certain fluctuations, client funding remains stable, enabling banks to actively provide loans and invest in medium- and long-term financial instruments. Consequently, financial institutions do not experience the need to attract alternative funding sources. According to the results of a funding conditions survey conducted by the National Bank of Ukraine, banks anticipate further growth in deposits from households and businesses.

In 2024, the economic environment contributed to the stable functioning of the financial sector, ensuring efficient interbank and retail payments, preserving the liquidity of banking institutions, and unimpeded access to financial resources for households and businesses.

At the same time, banks continued actively lending to the real sector of the economy, contributing to the recovery of economic activity amid post-war transformation.

However, despite positive trends, the risk profile of the banking system remains sensitive to wartime challenges. While the current level of liquidity, solvency, and operational stability of financial institutions is satisfactory, threats from the hostilities significantly increase banks' operating expenses, reduce the sector's investment attractiveness, and limit the expansion of certain business lines.

To mitigate the negative impact of crisis factors on the banking sector, it is necessary to apply comprehensive risk management methods that combine regulatory, strategic, and institutional measures.

Among the key instruments are the implementation of adaptive monetary measures, adjustments to reserve requirements, access to stabilization refinancing loans, and oversight of foreign exchange reserve dynamics. Strengthening internal risk management within banking institutions is also crucial, particularly through asset and liability diversification, improving credit portfolio quality, applying advanced risk forecasting methods, and adapting capital management strategies to new macroeconomic challenges.

Additionally, modern trends in fintech and cybersecurity necessitate the enhancement of banking business processes and the adoption of cutting-edge digital technologies, automation, and artificial intelligence for customer risk analysis. This will enable banks not only to enhance financial security, but also reduce operational costs and improve fraud control.

Optimizing the use of risk management tools is becoming increasingly important, enabling the monitoring of key financial indicators, Value at Risk (VaR) calculations, and stress testing to forecast potential macroeconomic shocks and develop response scenarios.

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THE ROLE OF FINANACIAL REFORMS IN STRENGTHENING THE ECONOMIC SECURITY OF THE STATE

Economic security is a crucial aspect of a nation's overall security, encompassing the ability to withstand and recover from economic shocks, prevent vulnerabilities, and ensure stable growth. The concept of financial reforms plays a significant role in strengthening economic security by improving the financial system, enhancing governance, ensuring transparency, and promoting sustainable growth. Financial reforms are integral to creating a resilient economy, as they help a state effectively manage fiscal policies, prevent financial crises, and adapt to dynamic global economic conditions. This thesis explores the essential role of financial reforms in reinforcing a nation's economic security, focusing on their impact on fiscal stability, institutional frameworks, and sustainable development.

Economic security refers to the protection of a nation's economy from external shocks, internal disruptions, and potential threats that could compromise its stability and growth. It involves the state's capacity to manage its financial resources effectively, ensure economic growth, and protect its citizens' standard of living.

Financial reforms encompass a broad range of policy changes, regulatory adjustments, and strategic initiatives aimed at improving a country's financial system. These reforms are typically focused on enhancing fiscal discipline, improving public financial management, increasing transparency, strengthening institutions, and ensuring the efficient allocation of resources. The main goals of financial reforms are to build a more resilient economy, optimize government spending, reduce corruption, and create an environment conducive to sustainable economic growth.

One of the core components of economic security is fiscal stability, which directly relates to the ability of the state to manage its budget, control inflation, and avoid excessive debt. Financial reforms aimed at improving fiscal management ensure that government spending aligns with long-term priorities while maintaining a balance between revenue generation and expenditure.

For instance, the implementation of tax reforms is crucial in enhancing state revenue. A progressive tax system, enhanced collection mechanisms, and reducing tax evasion contribute to strengthening public finances. By ensuring that the government can generate adequate revenue, financial reforms help mitigate the risks associated with fiscal deficits and public debt.

Similarly, budgetary reforms that promote better allocation of public funds, streamline government spending, and prioritize investments in strategic sectors such as infrastructure, healthcare, and education are pivotal in maintaining economic security. Financial reforms also include the implementation of public debt management strategies that safeguard the state from external financial shocks, ensuring that the nation can service its debt without compromising its overall economic stability.

Another significant aspect of financial reforms is the strengthening of financial institutions and governance structures. Effective financial institutions, including central banks, regulatory bodies, and financial markets, are key to maintaining economic security. These institutions play an essential role in monitoring, regulating, and stabilizing the financial system.

Financial reforms often focus on improving the transparency and accountability of these institutions to prevent corruption, fraud, and mismanagement of public funds. For instance, implementing stricter banking regulations and ensuring proper oversight of financial transactions can prevent financial crises caused by irresponsible lending or mismanagement of financial resources.

Moreover, sound corporate governance practices are essential for enhancing the stability of private sector institutions. This includes improving the oversight of financial markets, ensuring that financial institutions are properly regulated, and adopting international standards of financial reporting and auditing. These measures contribute to building public confidence in the financial system, which is crucial for maintaining economic security.

Financial reforms are not only about crisis prevention but also about promoting long-term economic resilience and growth. By creating an environment where resources are allocated efficiently, financial reforms support sustainable development across various sectors of the economy.

One critical area where financial reforms can impact economic security is in the realm of infrastructure development. Through reforms that incentivize private investment, establish clear public-private partnerships, and enhance financing mechanisms, governments can create the infrastructure necessary for long-term economic growth, such as transportation networks, energy grids, and digital infrastructure.

Furthermore, financial reforms can also foster resilience by promoting financial inclusion. Ensuring that all citizens, including those in rural and underserved areas, have access to financial services can help reduce poverty and inequality, ultimately contributing to a more stable and secure economy. A robust financial inclusion strategy is essential for mitigating risks associated with economic exclusion and ensuring that all segments of society can participate in economic growth.

In an increasingly interconnected world, financial reforms are necessary for a country to remain adaptable to global economic changes and external pressures. Financial reforms help countries maintain their competitiveness in international markets by improving the efficiency of their financial systems and ensuring that businesses have access to affordable credit.

Moreover, the capacity to attract foreign investment is heavily influenced by the strength and stability of a country's financial system. Reforms that improve the business climate, ease of doing business, and financial regulations are critical in making a country attractive to global investors. Foreign direct investment (FDI) is a key driver of economic growth, job creation, and technology transfer, all of which contribute to economic security.

As well, financial reforms also play a vital role in fostering economic diversification. Many economies, particularly those heavily reliant on a single industry or commodity, are vulnerable to external price fluctuations and market volatility. By implementing financial reforms that encourage the development of multiple sectors, such as technology, manufacturing, agriculture, and services, nations can reduce their dependency on a limited number of industries. This diversification helps buffer the economy from global economic fluctuations, reduces the risks associated with commodity price shocks, and creates a more robust economic foundation that can sustain growth in a variety of circumstances.

Financial reforms also contribute significantly to the overall stability of the banking system. A well-regulated banking sector is crucial for maintaining trust and confidence in the financial system. For example, the introduction of capital adequacy standards, improved risk management practices, and effective supervision of financial institutions helps to reduce the likelihood of banking crises. Such reforms also ensure that banks are better equipped to handle economic downturns, protect depositors, and continue to provide essential financial services even during periods of economic stress. In this way, a stable banking system is one of the cornerstones of economic security, ensuring that individuals and businesses have access to credit and financial services that are crucial for economic growth.

Another critical aspect of financial reforms is their role in improving the efficiency of public spending. Governments that engage in effective financial management and reform are better equipped to allocate resources in a manner that maximizes the benefits to the economy. For instance, public procurement reforms, which ensure that government contracts are awarded based on merit and transparency rather than corruption or political influence, can lead to significant savings and better infrastructure outcomes. Moreover, these reforms improve the overall functioning of the public sector by ensuring that taxpayer money is used wisely and efficiently. Efficient public spending is essential for maintaining confidence in the government's ability to manage the economy, which is integral to national economic security.

Furthermore, financial reforms aimed at improving monetary policy and managing inflation can enhance the purchasing power of citizens. Central banks play an essential role in maintaining price stability, which directly impacts the cost of living and the stability of currency. By implementing policies that target low and stable inflation, financial reforms ensure that individuals' savings retain their value and that purchasing power is preserved over time. This, in turn, promotes social stability, reduces poverty, and helps mitigate income inequality. When people feel confident in the stability of their currency, they are more likely to save and invest, further boosting economic growth and resilience.

The international dimension of financial reforms is also noteworthy. In today's globalized world, economic security is increasingly influenced by a country's relationships with other nations, international trade, and foreign investment. Financial reforms that align a country's financial system with international standards, such as the Basel III framework for banking regulations or the implementation of anti-money laundering laws, are essential for ensuring that the country remains integrated into the global financial system. These reforms foster international cooperation, improve the country's reputation among foreign investors, and enhance its ability to engage in cross-border trade. Furthermore, aligning with international financial norms helps countries avoid sanctions or restrictions imposed by international bodies, contributing to a more secure economic environment.

In times of crisis, such as during a global recession or natural disaster, financial reforms provide the tools necessary for swift and effective responses. For example, reforms that improve fiscal flexibility enable governments to implement counter-cyclical policies, such as stimulus packages or targeted financial support, without jeopardizing long-term economic stability. Such measures can help mitigate the immediate impact of a crisis, protect jobs, and preserve essential public services, ultimately contributing to the economy's ability to bounce back more quickly and efficiently.

Finally, the success of financial reforms is closely linked to the political will and commitment of a nation's leadership. While the technical aspects of financial reforms are essential, they must be supported by a robust governance structure and a political environment that is committed to transparency, accountability, and anti-corruption measures. In countries where the political system is weak or where corruption undermines the rule of law, financial reforms may be less effective, as vested interests may hijack the reform process for personal gain. Therefore, the political commitment to reform is a critical factor in ensuring that financial reforms achieve their intended goals and contribute to strengthening economic security.

In conclusion, financial reforms are a critical pillar in strengthening the economic security of a nation. By ensuring fiscal stability, enhancing financial management, improving institutional governance, promoting sustainable growth, and adapting to global economic conditions, financial reforms help protect a country's economy from vulnerabilities and ensure its long-term stability. As economies face increasingly complex challenges, the role of financial reforms in shaping resilient economic systems cannot be overstated. A comprehensive approach to financial reforms, tailored to the specific needs of a country, is essential for safeguarding national economic security in the face of both internal and external

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FINANCIAL REFORMS: KEY DIRECTIONS AND IMPACT ON THE ECONOMY OF UKRAINE

Recent years have witnessed profound transformations in Ukraine's financial system, with large-scale reforms creating a solid foundation for economic development under wartime conditions. These changes have significantly improved the investment climate while strengthening public trust in state institutions. The ongoing modernization process demands continuous adaptation to emerging challenges, particularly in cybersecurity as financial services digitalization accelerates. Integration with European financial institutions has become a key priority on Ukraine's path to EU membership [2].

The digital transformation of financial services has marked a significant breakthrough through initiatives like the 'State in a Smartphone' program. The introduction of 'Diia.Taxes' has enabled millions of citizens and businesses to access services remotely, proving particularly valuable during wartime conditions. Electronic VAT control systems have substantially reduced tax evasion, while Big Data analytics facilitates real-time detection of suspicious transactions. However, this rapid digitalization brings challenges, including the need for enhanced security measures against increasing cyberattacks and addressing the persisting digital divide between urban and rural areas where internet infrastructure remains underdeveloped [3].

Tax system reforms have focused on optimization measures that simplified the tax burden for small and medium-sized businesses, encouraging many previously shadow economy enterprises to legalize their operations. The progressive tax scale introduction has promoted social justice, though it continues to generate debate among economists. While cash transaction limitations have reduced uncontrolled money circulation, they've simultaneously created difficulties for elderly citizens and remote region residents. Tax authorities are now prioritizing preventive control mechanisms to identify potential violations proactively [1].

Budgetary decentralization has reshaped financial flows by empowering local communities through greater fiscal autonomy. This shift has yielded visible improvements in urban infrastructure, educational facilities, and healthcare services across many regions. Yet challenges persist, particularly in frontline areas and rural communities facing shortages of qualified budget management specialists. The decentralization process requires ongoing monitoring to ensure efficient local fund utilization and prevent misuse [4].

The banking sector has undergone significant reforms with the implementation of international Basel III standards, substantially enhancing the system's resilience to financial shocks. Fintech innovations, especially in mobile banking, have dramatically expanded financial service accessibility. However, wartime conditions have introduced new challenges ranging from heightened credit risks to urgent needs for enhanced client data protection. Current priorities include strengthening deposit insurance systems and increasing operational transparency across banking institutions [2].

These comprehensive reforms are systematically presented in Table 1, which assesses their key changes and economic impacts:

Table 1 – Impact assessment of financial reforms [1]

Reform Area	Key Changes	Economic Impact
Digitalization	Implementation of e-tax services ("Diia.Taxes", VAT electronic control system)	25 % reduction in corruption, faster document processing
Tax Optimization	Simplified taxation system for SMEs, reduced rates	15 % increase in sole proprietorships in 2023
Budget Decentralization	Transfer of 60 % tax revenues to local budgets	40 % increase in regional infrastructure investments
Banking Sector Reform	Implementation of Basel III standards, fintech support	35 % growth in online banking volumes in 2024

Conclusion

The financial reforms implemented in recent years have established a robust foundation for Ukraine's continued economic growth. While they've already improved the investment climate and institutional trust, global experience demonstrates that financial system modernization remains an ongoing process requiring constant adaptation, particularly amid global instability. Ukraine's future focus should prioritize deeper integration with European financial institutions, continued digital infrastructure development, and enhanced financial literacy programs for its citizens. These efforts will be crucial for sustaining the reform momentum and addressing emerging challenges in the evolving economic landscape [5].

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FINANCIAL REFORMS: KEY DIRECTIONS AND IMPACT ON THE ECONOMY OF UKRAINE

Since achieving independence in 1991, Ukraine has implemented major financial reforms, which accelerated after the 2014 Revolution of Dignity and the full-scale Russian invasion in 2022. These efforts have focused on economic stabilization, improving transparency, encouraging foreign investment, and meeting.

Reforming the Banking Sector. The banking sector has been a major focus of Ukraine's financial reform efforts. In the aftermath of the 2014 crisis, the National Bank of Ukraine (NBU) launched a comprehensive overhaul of the financial system. More than 100 banks that were either insolvent or lacked transparency were removed from the market. This initiative aimed to strengthen financial stability, rebuild public confidence, and ensure that the remaining institutions complied with global standards. Furthermore, the NBU adopted an inflation-targeting regime and allowed the national currency to float freely, making monetary policy more transparent and predictable.

Public Finance Management. Ukraine has taken significant steps to improve public finance management. This includes the introduction of medium-term budget planning, electronic procurement systems (such as Prozorro), and measures to reduce corruption in public spending. The tax system has also undergone changes, aimed at simplifying administration and increasing compliance. The State Tax Service and Customs Service were restructured to improve efficiency and transparency.

Anti-Corruption Measures and Transparency. Ukraine has placed a strong emphasis on financial transparency and anti-corruption initiatives as key elements of its reform strategy. To reinforce the legal framework for combating financial crimes, independent institutions were created, including the National Anti-Corruption Bureau (NABU), the Specialized Anti-Corruption Prosecutor's Office (SAPO), and the High Anti-Corruption Court (HACC). These bodies have played a vital role in restoring public and investor confidence by ensuring accountability and the rule of law in financial matters.

Impact on the Economy. Macroeconomic Stability. The reforms have contributed to significant macroeconomic stabilization. Inflation has decreased from double-digit levels to single digits in recent years (excluding war-related fluctuations), and the budget deficit has been better managed, especially with support from international donors. Ukraine's international reserves have also improved, and debt sustainability has been a key focus of fiscal planning. Foreign Investment and Economic Growth. Although Ukraine continues to face significant security concerns, the country has experienced phases of growing foreign investment, especially in the agriculture, IT, and energy industries. Financial reforms have played a key role in boosting the confidence of international investors and partners. However, persistent challenges such as war-related threats, political uncertainty, and corruption still hinder long-term investment prospects.

Conclusion

Recent financial reforms have laid a strong foundation for continued economic growth in Ukraine. These reforms have not only enhanced the investment climate but also helped build greater trust among citizens in state institutions. However, global experience demonstrates that the modernization of a financial system is an ongoing process, requiring constant adaptation to emerging challenges, particularly amid global instability. Ukraine should prioritize deeper integration with European financial institutions, the expansion of digital infrastructure, and improving the financial literacy of its population.

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THE ROLE OF SUPPLY AND DEMAND IN PRICE FLUCTUATIONS IN OUR TIME IN THE MODERN WORLD

In today's economy, prices of goods and services change all the time. This happens because of supply and demand, which control how much of a product is available and how many people want to buy it. The balance between these two forces sets the price, but many other factors, like world events, new technology, and government rules, can also change prices. Understanding how supply and demand work helps businesses, governments, and consumers make better financial decisions.

What Are Supply and Demand?

Supply is the amount of a product or service that businesses are willing to produce and sell at different prices. It depends on costs, technology, and government policies. The law of supply says that when prices go up, businesses produce more to make higher profits. When prices fall, businesses may produce less because they earn less money.

Demand is the number of goods and services that consumers want to buy at different prices. The law of demand says that when prices rise, people buy less, and when prices fall, they buy more. This is because people want to spend less money when they can. For example, if gasoline prices go up, people might drive less or use public transport instead.

What Affects Demand?

Many things can change how much people want to buy, including:

1. *Income Levels:* When people earn more money, they can buy more things. When the economy is bad, people spend less.

2. *Trends and Preferences:* Advertising, fashion, and social changes affect what people want to buy. For example, more people now prefer organic food because they want to be healthier.

3. *Prices of Related Products:* If the price of coffee goes up, more people may switch to tea.

4. *Future Expectations:* If people think prices will go up in the future, they might buy more now. If they expect prices to fall, they may wait before buying.

5. *Population Changes:* More people in a city or country means more demand for goods and services.

What Affects Supply?

Supply is also influenced by many factors, such as:

1. *Production Costs:* If the cost of making a product goes up (materials, labor, etc.), businesses may produce less. If costs go down, they can produce more.

2. *Technology:* New technology makes production faster and cheaper, which increases supply.

3. *Government Policies*: Taxes can increase production costs, while government support (subsidies) can stimulate production.

4. *Number of Suppliers:* If more businesses start selling a product, supply increases. If some businesses close, supply decreases.

5. *Global Events:* Natural disasters, wars, and pandemics can disrupt production and reduce supply. For example, severe weather can damage crops, leading to higher food prices.

How Supply and Demand Cause Price Changes

Prices go up or down depending on supply and demand. If more people want a product but there is not enough of it, prices rise. If there is too much of a product but not enough buyers, prices drop. This happens in different markets, including food, housing, and technology.

For example, during the COVID-19 pandemic, demand for face masks increased, but there were not enough masks at first, so prices went up. In another example, the slowdown in computer chip production made electronics more expensive.

On the other hand, new technology can increase supply and lower prices. For example, as solar panels become cheaper to produce, they are also becoming more affordable for consumers.

Knowing how supply and demand work helps people predict price changes and make smarter financial decisions. Businesses use this knowledge to set prices and plan production. Governments also consider supply and demand when making economic policies. Consumers benefit from understanding these ideas because they can make better choices about when to buy products.

As the world changes, supply and demand will continue to affect prices. People and companies that understand these ideas will be better prepared for future economic changes.

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THE INFLUENCE OF GLOBALIZATION ON CUSTOMS COMMODITY EXPERTISE

The Influence of Globalization on Customs Commodity Expertise Globalization has significantly influenced all spheres of the global economy, particularly customs affairs and commodity expertise. The development of international trade, digitalization, and market expansion compel customs authorities and experts to adapt quickly to changes and utilize modern methods of commodity analysis.

Starting with the expansion of trade between countries, we can identify the main challenges facing customs expertise. One of the key aspects is the increase in international shipments. For example, goods are categorized under different customs codes, such as Z1 – electronics, Z2 – textiles, and Z3 – food products. Such classification simplifies customs clearance procedures and accelerates the analysis of goods.

The Harmonized System (HS Code) plays a crucial role in this classification. It is used by over 200 countries worldwide and facilitates the uniform classification of goods. Countries such as Germany and the United States have invested heavily in the automation of HS Code classification using AI-based software that reduces errors and speeds up processing times.

T*he Role of Automation and Digitalization*

Another crucial aspect is the use of modern technologies in customs expertise. Automated verification methods, such as AI-powered scanning systems and blockchain-based tracking, allow for a faster assessment of goods and ensure compliance with international standards. The World Customs Organization (WCO) has emphasized the importance of adopting smart customs solutions to enhance efficiency.

For example, China has implemented an AI-driven customs clearance system that processes declarations within minutes, significantly reducing wait times at borders. The European Union also promotes electronic customs declarations through the Automated Import System (AIS), which helps customs authorities detect discrepancies in shipments more efficiently.

Factors Affecting Customs Expertise in Globalization

Several key factors influence customs expertise in the context of globalization:

- *Automation and digitalization* – the implementation of electronic customs declarations and automated verification systems.
- *Global standards and harmonization* – the use of international classification systems such as the Harmonized System (HS Code).

- *Increase in trade volumes* – the growth in the number of goods and the need for faster processing of customs documentation.
- *Control over counterfeit products* – the use of specialized methods to detect counterfeit goods.
- *Environmental standards and product safety* – stricter regulations on the import of goods that may harm the environment.

Fighting Counterfeit Goods and Ensuring Safety

Counterfeit goods pose a major challenge for customs authorities. Fake pharmaceuticals, electronics, and luxury brands cause significant economic losses and endanger consumers. To combat this issue, customs authorities use:

- *RFID tracking and digital watermarking* to verify product authenticity.
- *AI-powered image recognition* to detect counterfeit items in shipments.
- *Cooperation with international organizations*, such as Interpol and the World Customs Organization, to track and seize counterfeit goods.

For instance, the European Anti-Fraud Office (OLAF) has successfully intercepted millions of counterfeit products by using data analytics to identify suspicious trade patterns.

Environmental Regulations and Sustainability in Customs

With increasing concerns over climate change, customs authorities are enforcing stricter regulations on environmentally harmful goods. The European Green Deal emphasizes the need for sustainable trade practices, requiring importers to comply with environmental standards.

For example, customs authorities now monitor carbon emissions linked to imported goods. The Carbon Border Adjustment Mechanism (CBAM) is a new initiative that imposes tariffs on carbon-intensive imports, encouraging cleaner production methods worldwide.

Overall, globalization contributes to the expansion of global markets while simultaneously presenting new challenges for customs services and commodity experts. The use of modern analytical methods, automation, and international cooperation enhances the efficiency of customs control and ensures fair conditions for all participants in international trade. As trade volumes grow, customs authorities must continuously adapt to technological advancements to maintain security, efficiency, and sustainability.

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SECTION 3
DEVELOPMENT OF THE LEGAL SYSTEM IN THE CONTEXT OF NEW REALITIES AND OPPORTUNITIES IN UKRAINE

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LEGAL PROTECTION OF INTELLECTUAL PROPERTY IN THE CONTEXT OF GLOBALIZATION

Globalization and digitalization have had a significant impact on the field of intellectual property (IP). In the context of rapid development of technology and transnational business, the issue of legal protection is becoming critically important. The use of property without the permission of the right holders, piracy, counterfeiting and cybercrime are key issues in this area.

Ukraine, as a part of the global economic community, faces many challenges related to their protection, in particular due to martial law and the active use of digital technologies. In these theses, we will consider the types of IP, the main risks of illegal use, and the mechanisms for combating infringement of intellectual property rights in Ukraine.

Types of intellectual property and their legal protection

Under international law and Ukrainian law, intellectual property encompasses several key categories. Copyright and related rights include literary, musical, artistic and audiovisual works, software and databases, as well as performances, phonograms and radio and television broadcasts.

Industrial property includes patents for inventions and utility models, industrial designs, trademarks and geographical indications of the origin of goods. Another important category is know-how and trade secrets, which include technological processes, algorithms, formulas, recipes, as well as business strategies and marketing developments. Breeding achievements, new plant varieties, and integrated circuit topographies, such as semiconductor chips, are also considered IP.

Legal protection of these objects is provided through national laws and international treaties, such as the TRIPS Agreement, the Berne and Paris Conventions [5; 7; 8].

Main challenges and risks of IP misuse

The most common infringements of rights are piracy, counterfeiting, cyberattacks and know-how theft, patent infringement, and brand cloning. Piracy includes the illegal copying and distribution of movies, books, and software. Counterfeit products include the production and sale of counterfeit goods that infringe on trademark rights. Cyberattacks are aimed at stealing know-how and trade secrets, and patent infringement involves the unauthorized use of patented technologies. Brand cloning creates imitations of well-known trademarks, which misleads consumers.

What objects are most often stolen?

The most vulnerable to illegal use are software and databases, which are often copied and used without a license. Movies, books, and music are actively distributed through illegal platforms. Pharmaceuticals are also frequently counterfeited, posing significant health risks to consumers. Counterfeit consumer goods, such as clothing, accessories, and technology, are subject to large-scale piracy. Special attention should be paid to developments in the military sphere, where the theft of technology can have critical consequences for national security.

Legal protection of intellectual property in Ukraine

In Ukraine, protection issues are regulated by the following main legal acts:

- Civil Code of Ukraine [1].
- The Law of Ukraine "On Copyright and Related Rights" [2].
- The Law of Ukraine "On Protection of Rights to Inventions and Utility Models" [5].
- Law of Ukraine "On Protection of Rights to Trademarks and Service Marks" [4].

In addition, Ukraine is a party to international treaties:

- The Berne Convention [5].
- Paris Convention [6].
- Madrid Agreement Concerning the International Registration of Marks [8].
- TRIPS Agreement [7].

Since 2020, active reforms have been underway to bring Ukrainian legislation in line with European standards.

How does Ukraine combat intellectual property theft?

Among the key measures to combat IP infringement in Ukraine is the introduction of a collective rights management system that ensures effective control over the use of copyright. Legislation was also adopted to combat so-called "patent trolling", which prevents the abuse of trademark registration.

In Ukraine, there is an increasing number of court cases concerning infringement of intellectual property rights. Commercial courts play an important role in the protection of rights, considering disputes over the use of patents, copyrights and trademarks.

The Cyber Police of Ukraine plays an important role in the fight against piracy, monitoring and blocking illegal resources. In addition, the Customs Service is actively working to detect counterfeit products imported into the country.

The creation of the National Intellectual Property Office, which will provide centralized control over the registration and enforcement of rights, has significant potential in combating the illegal use of IP. An important step will be the introduction of digital tools for registering rights, including blockchain technologies for copyright. It is also necessary to increase liability for infringement of intellectual property rights by increasing fines and criminal liability.

In the context of globalization, the issue of intellectual property protection is becoming one of the most important challenges of modern law. Ukraine is making significant steps towards harmonization of legislation, but further reforms and strengthening of international cooperation are needed. The use of modern technologies, improvement of piracy control and development of judicial practice are key factors for effective IP protection in the 21st century.

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IMPERFECT LAW SYSTEM: WHAT TO DO AND HOW TO IMPROVE

An important aspect in the organization of the state is to have the law that will control any sphere of life in the state.

Adaptation of Legislation to European Standard

The adaptation of Ukraine's legislation to European standards is a key process within the framework of European integration. Obtaining candidate status for accession to the European Union (EU) obliges Ukraine to align its legislation with the acquits Communautaire a set of norms and rules that apply in EU countries. This process covers various areas, including justice, economy, anti-corruption efforts, social protection, environmental policy, and digitalization. The primary goal of adaptation is not only to meet formal requirements, but also to create an effective legal system that aligns with European values and fosters the sustainable development of the state.

European Integration as a Strategic Direction for Ukraine's Development

European integration is one of the main vectors of Ukraine's foreign policy. To achieve this, it is crucial to:

Unify the legal system in accordance with EU legislation;

Fulfill obligations under the Association Agreement between Ukraine and the EU;

Improve institutional mechanisms that ensure compliance with European norms.

One of the main tasks is to implement the European Commission's recommendations on judicial reform, anti-corruption measures, human rights protection, and economic liberalization.

Judicial Reform and Rule of Law

The rule of law is the foundation of a functioning democratic state. To ensure it, the following measures are necessary:

Strengthening the independence of the judiciary;

Eliminating political influence over judges;

Ensuring transparency in judicial processes;

Introducing electronic services for access to justice.

Significant changes have taken place within judicial reform: the High Anti-Corruption Court was established, the High Council of Justice was reformed, and qualification requirements for judges were updated.

Combating Corruption and Ensuring Government Transparency

Corruption is one of the biggest obstacles to Ukraine's European integration. Important steps in addressing this issue include:

Implementing electronic asset declarations for officials;

Functioning of the National Anti-Corruption Bureau of Ukraine (NABU) and the Specialized Anti-Corruption Prosecutor's Office (SAPO);

Improving control mechanisms for public procurement (ProZorro system);

Strengthening sanctions for corruption-related offenses.

Government transparency and public oversight are key factors in successfully implementing European standards.

Harmonization of Economic and Financial Legislation

Ukraine is gradually aligning itself with EU economic standards. The main areas of reform include:

Simplifying the tax system and reducing administrative burdens on businesses;

Liberalizing foreign exchange regulation;

Protecting investor rights;

Adapting legislation to the European Customs Code.

Ukraine is also actively developing cooperation with the EU in the digital economy and e-commerce.

Social Standards and Human Rights

Ukraine's social policy must comply with EU standards in areas such as:

Guaranteeing equality and fighting discrimination;

Protecting workers' rights and ensuring decent working conditions;

Increasing levels of social protection and pensions;

Strengthening protections for vulnerable groups.

Ukraine has already made significant progress in this direction by adopting laws on national minority rights, gender equality, and social guarantees.

Environmental Protection and Implementation of EU Ecological Norms

Environmental protection is one of the key areas of legislative adaptation. The main objectives are:

Fulfilling obligations under the European Green Deal;

Implementing mechanisms for reducing greenhouse gas emissions;

Improving the waste management system;

Monitoring water and air quality.

A significant achievement has been the adoption of laws on reducing plastic use and transitioning to a circular economy.

Digitalization and Cybersecurity

Changes in legislation regarding digital transformation promote:

The implementation of electronic governance;

The protection of personal data in line with GDPR (General Data Protection Regulation);

Expanding public access to online administrative services;

Strengthening measures against cybercrime.

The Diia program has become a prime example of successful digital transformation in government administration.

Challenges and Prospects for Legislative Adaptation

Despite significant progress, the adaptation of legislation to EU standards faces several challenges:

Martial law slows down the reform process;

Resistance from the old bureaucratic system;

The need for substantial financial investments in implementing changes.

However, support from international partners, active engagement of civil society, and the political will of the country's leadership contribute to the successful completion of the adaptation process.

The adaptation of Ukraine's legislation to European standards is a complex but necessary process for EU integration. It covers all spheres of public life, ensuring the rule of law, economic development, social guarantees, and environmental protection. Despite the challenges, the gradual implementation of European norms will strengthen democratic institutions and improve the quality of life for Ukrainian citizens. Achieving these goals is a critical step towards Ukraine's full membership in the European Union.

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IMPERFECT LAW SYSTEM: WHAT TO DO AND HOW TO IMPROVE

An important aspect in the organization of the state is to have the law that will control any sphere of life in the state. Legislative Support for State Economic Security under Martial Law.

Economic security is fundamental for maintaining state stability, particularly under martial law when economic challenges intensify. War severely disrupts economic systems, causing destruction of infrastructure, shutdowns of enterprises, capital outflows, and increasing external debts. According to the World Bank, Ukraine's GDP experienced a substantial decline of approximately 30 % in 2022, highlighting the devastating impact of the conflict [1]. Furthermore, the expansion of the shadow economy and illegal financial flows complicates efforts to ensure economic stability. A report from the Organization for Economic Co-operation and Development highlights the rise of unregulated trade in critical resources during wartime conditions [2].

The ongoing conflict has compelled governmental structures to adapt swiftly, often creating gaps in regulatory frameworks. Research by the Ukrainian Institute for Economic Research indicates that nearly a quarter of all business transactions occur outside the formal economy during periods of active conflict [3]. These findings emphasize the urgent need for improved legislative oversight and institutional cooperation to mitigate risks and stabilize the economy.

Economic security involves safeguarding the state's economic interests from internal and external threats that may undermine national stability. During wartime, specific threats become increasingly apparent. Ukraine's economy contracted significantly in 2022, with industrial production and agriculture experiencing severe disruptions [4]. Analysis by the International Monetary Fund suggests that economic recovery could be prolonged, depending on the scale and duration of the conflict [5]. Inflation remains another pressing concern. Disruptions in supply chains and emergency budget allocations have led to price increases for essential goods and services, with estimates indicating a 25–30 % rise during wartime conditions [5].

The lack of effective oversight also contributes to the expansion of the shadow economy. According to the European Business Association, approximately 40 % of economic activities may fall outside the legal framework during prolonged conflicts [6]. Moreover, Transparency International reports that emergency procurement mechanisms, while necessary, often bypass standard accountability processes, leading to inefficiencies and potential corruption [7].

The institutional framework for ensuring economic security involves multiple agencies, including the Bureau of Economic Security of Ukraine (BEB), the State Bureau of Investigation (DBR), the National Police, and the Security Service of Ukraine (SBU). International cooperation plays a crucial role in this effort. Financial support from entities such as the European Union, the United States, and the International Monetary Fund enhances Ukraine's ability to combat economic crimes [5]. Organizations like the Financial Action Task Force (FATF) and the World Bank continue to advocate for stronger anti-money laundering measures and improved transparency in financial transactions [8].

Examples from other countries highlight the importance of robust institutional mechanisms. Following its financial crisis, Greece enhanced the role of national economic control bodies and expanded international cooperation to address money laundering and tax evasion. The European Central Bank emphasized the need for comprehensive reforms aimed at increasing accountability and efficiency [9].

Despite ongoing efforts, various problems persist. Outdated regulations and weak enforcement mechanisms hinder the effectiveness of economic security measures. Research by the Ukrainian Institute for Economic Research points to gaps in legal frameworks that enable tax evasion and money laundering [3]. Additionally, the lack of comprehensive anti-corruption strategies remains a significant challenge, particularly concerning defense spending and reconstruction projects.

Digitalization presents a promising avenue for improving economic control. Automation of financial monitoring processes and the enhancement of e-governance systems could significantly improve oversight. Estonia's successful use of blockchain technology for secure transactions and digital governance offers valuable lessons for Ukraine's context [10].

Strengthening criminal liability for economic crimes, particularly those related to wartime procurement and corruption schemes, is another essential step. Recent legislative reforms in Poland aimed at improving transparency in public procurement could serve as a model for enhancing Ukraine's legal framework [11].

Adapting legislation to new realities remains a priority. Establishing special mechanisms for post-war economic recovery, promoting investment, and ensuring transparency are critical components of future stability [1].

Effective legislative support for economic security is crucial for maintaining national stability under martial law. Developing legal mechanisms that adapt to evolving challenges, enhancing digitalization, and fostering international cooperation are key factors in this process. Balancing rigorous control measures with promoting economic growth through support for businesses and investments will remain a central objective for policymakers.

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ADAPTING UKRAINE'S LEGAL SYSTEM TO MODERN THREATS IN TIMES OF WAR

The war in Ukraine has created big challenges for the legal system, forcing it to change quickly to deal with new threats. Laws are being updated to keep the country safe, protect people's rights, and punish those responsible for war crimes.

Professor Oksana Slavna says that "during martial law, protecting human rights and freedoms becomes especially important. The state must not only create legal regulations but also ensure effective mechanisms to implement and defend these rights" [1].

The war in Ukraine has forced the legal system to change quickly to handle new challenges. Laws are being updated to keep the country safe, punish war criminals, and protect people's rights. At the same time, Ukraine must find new ways to ensure justice and fairness, even during wartime.

Professor Alla Zemko states that "martial law causes big changes in the work of government institutions and society, putting basic rights and freedoms at risk." She highlights the need for new legal strategies that address wartime challenges while keeping Ukraine a country based on the rule of law [2].

One important change is the use of digital tools to help courts and law enforcement work more efficiently. For example, electronic case management and online court hearings make sure legal processes continue even during the war. These tools improve transparency and make the legal system more accessible.

Another key step is aligning Ukraine's laws with international standards. The country is working on improving its laws related to war crimes and human rights. Legal expert Oksana Holovko-Havrysheva explains that "bringing international humanitarian law into Ukraine's legal system is essential for justice and accountability during war" [3].

As Ukraine continues to face security threats, its legal system must stay flexible and proactive. Strengthening partnerships with international organizations, improving legal education, and using modern legal tools will help ensure justice and stability in the country.

Another important aspect of adapting the legal system is ensuring the protection of internally displaced persons (IDPs) and civilians affected by the war. Millions of Ukrainians have been forced to leave their homes, and the government has introduced new laws to provide them with legal support, housing rights, and access to essential services. Legal assistance programs and online platforms now help displaced people get the documents they need and defend their rights.

Additionally, Ukraine is strengthening its legal response to war crimes. New investigations and special legal teams are working to document human rights violations and bring perpetrators to justice. The country is cooperating with international courts, such as the International Criminal Court (ICC), to ensure accountability. Legal expert Mykola Hnatovskyi emphasizes that "documenting war crimes in real time is crucial for future trials and for ensuring justice for victims".

The legal system is also adapting to the growing importance of cybersecurity. Cyberattacks on Ukraine’s infrastructure and government systems have increased, leading to new laws on digital protection. Stronger regulations now require better security measures for state institutions and businesses, aiming to prevent data breaches and cyber threats.

As Ukraine keeps defending itself, it’s important that the legal system stays strong, flexible, and ready for future challenges. The war brings many difficulties, but it also offers a chance to improve the country’s legal system. Making sure that justice is served through fair trials, protecting the rights of war victims, and dealing with new threats like cyberattacks are all key to keeping the country safe and stable.

Updating Ukraine’s laws to the international standards and working with other countries and organizations will help to strengthen the legal system of the country. This is crucial for rebuilding trust in the legal system and securing Ukraine’s future.

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REGULATION OF THE CRYPTOCURRENCY MARKET: FRANCE'S EXPERIENCE AND PRISPECTS FOR UKRAINE

Relevance of the topic: Cryptocurrency has become an important part of the modern financial system and has taken on an increasing significant role in Ukraine's economy. However, the lack of proper legal regulation creates significant risks for investors, businesses and the state. France, which has introduced a clear system of crypto market regulation, can serve as an example for Ukraine in shaping legislation that will ensure transparency, security, and the development of the blockchain industry. Studying this issue is important for creating favorable conditions for crypto companies, attracting foreign investment, and integrating Ukraine into the global financial space.

Purpose of the report: The purpose of this report is to analyze the peculiarities of the legal regulation of cryptocurrencies in France and evaluate how this experience could be applied in Ukraine. Consideration of the current state of the legislative framework for virtual assets in our country will allow us to identify the key problems that hinder the development of the crypto market and offer effective ways to solve them based on international experience.

In recent years, cryptocurrency has become an integral part of the financial life of many Ukrainians. According to statistics, every tenth citizen has already invested in digital assets, and in general, about 15 % of the population has_interacted with cryptocurrency in some capacity. A particular surge of interest in digital money occurred during the pandemic, when people lost stable sources of income and began to look for new ways to earn money. Even large banks did not stay away in 2020 and invested in cryptocurrency. However, the history of digital assets begins long before the "Covid" times.

The first cryptocurrency to change the financial landscape was Bitcoin, introduced in 2008 and created by an anonymous developer or group of developers under the pseudonym Satoshi Nakamoto. At that time, a document appeared on the network describing the principles of operation of a new technology based on blockchain. The main ideas of this system are:

– decentralization, which makes it impossible to control by the state or individuals;

– protection and transparency of transactions thanks to a chain of blocks that mutually verify the authenticity of data.

Although attempts to create digital money were made back in the 90s, they were unsuccessful due to centralization, which made such currencies vulnerable to external influence. Bitcoin, on the other hand, was a breakthrough because it offered an independent, reliable and transparent system of financial transactions.

Initially, bitcoin did not have significant value, but everything changed with the financial crisis, which undermined the credibility of traditional banks. People began to store savings in cryptocurrency, and with its popularity, the exchange rate also grew. Over time, BTC went beyond the digital space – it began to pay for goods and services. This process triggered a snowball effect, and now in many countries cryptocurrency is legalized as a means of supporting the economy.

Cryptocurrency has long been established as a full-fledged investment tool, and many countries have officially recognised and defined its legal status. At the same time, mechanisms for taxation of income received from digital assets have been developed. Therefore, tax authorities are increasingly paying attention to the issues of accounting and regulating cryptocurrency-related profits, establishing clear rules for investors and trader.

In Ukraine, legislation that should regulate the circulation of assets, including cryptocurrencies, has not yet entered into force. In particular, this concerns the Law of Ukraine on February 17, 2022 "On Virtual Assets". The law will enter into force only after the adoption of relevant amendments to the Tax Code of Ukraine, which will determine the specifics of taxation of transactions with virtual assets. Currently, the relevant draft law regulating their circulation has only been registered in the Verkhovna Rada.

The Law "On Virtual Assets" determines that a virtual asset is an intangible good that has value, is an object of civil rights and is presented in the form of electronic data. Its existence and use are ensured by a special circulation system. In addition, virtual assets can confirm property rights, in particular the right to claim other objects of civil rights.

The lack of regulatory regulation of virtual assets in Ukraine creates a number of problems that negatively affect the economy, business and security of citizens. First, it slows down the development of the cryptocurrency market and blockchain technologies, as investors and companies do not have clear rules of the game and are afraid of legal risks. Without the official status of virtual assets, financial institutions and government agencies cannot effectively control transactions with cryptocurrencies, which leads to the shadowing of the market and possible abuse. Cryptocurrency users are left without proper legal protection, and in the event of fraud or theft of digital assets, it is difficult for them to contact the court or law enforcement agencies. This contributes to the growth of the number of financial crimes, including money laundering and financing of illegal activities. The state budget does not receive significant amounts of taxes due to the impossibility of taxing cryptocurrency transactions in the absence of legislative regulation. In addition, Ukrainian companies working in the field of blockchain technologies are often registered in other countries that have clear laws regarding virtual assets, which leads to the loss of jobs and innovative potential.

The lack of a legislative framework also complicates international cooperation, as many countries require compliance with financial monitoring rules. In wartime, this creates additional risks, as Ukraine cannot fully control cryptocurrency flows, which could be used both to support the economy and for illegal schemes. All these factors make the lack of regulation of virtual assets a serious problem, which slows down economic development and reduces the level of security in the country.

Given that Ukraine is still at the stage of forming a legal framework for regulating the cryptocurrency market, entrepreneurs working in this area often look for jurisdictions with transparent and understandable rules for doing business. One of the most attractive countries for registering cryptocurrency companies is France, which offers clearly regulated legislation and favorable conditions for obtaining a crypto license. Through a comprehensive approach to regulating digital assets, this country ensures both investor protection and market stability. That is why more and more companies are considering obtaining a crypto license in France for legal activities in the European Union.

Obtaining a crypto license in France allows companies to legally operate in the digital asset sector, conduct a wide range of financial transactions, and participate in international agreements. Owing to clearly defined regulatory requirements, companies that have received this license can freely conduct transactions for the purchase, sale, exchange, and management of cryptocurrency assets, as well as provide related services such as client consulting or digital portfolio management. However, in order to take advantage of all the advantages of French jurisdiction, it is necessary to correctly go through the process of company formation and official registration.

The procedure for registering a business in France includes several key steps that ensure the legal conduct of business. First, it is necessary to establish a legal entity and register it within the jurisdiction. Another important step is registration with the tax office, where the list of activities that the company will be engaged in is determined, and a tax number is assigned automatically during registration. Opening a bank account and contributing authorized capital is the next step that ensures the financial stability of the company. Although the legislation does not establish minimum capital requirements, it is recommended to contribute from 4,000 to 6,000 euros to increase the level of trust of banking institutions.

After completing these procedures, the company receives an extract from the Commercial and Industrial Register, which is the basis for unblocking a bank account and starting full-fledged work. It is the correct approach to business registration that becomes the foundation for the company's further successful activity in the cryptocurrency sector.

Considering the above, we can conclude that that France's approach to cryptocurrency regulation can become a useful guideline for Ukraine, which is currently only forming its own legislative framework in this area. As a result of the PACTE law, France has created clear rules for companies working with digital assets, ensuring market transparency and investor protection. The introduction of such mechanisms in Ukraine would reduce the level of the shadow economy, stimulate investment attraction and promote the development of blockchain technologies.

One of the key advantages of French regulation is a single crypto license, which enumerates the list of permitted operations, such as exchanging cryptocurrencies, storing them for third parties, and managing digital assets. Introducing a similar approach in

Ukraine could help legalize the crypto market, reduce fraud and crimes. Another important aspect is the supervision of crypto companies by regulators, which increases trust in the market and contributes to its stable development.

France has also created conditions for cooperation between cryptocurrency businesses and traditional financial institutions, which allows companies to open bank accounts and carry out transactions in accordance with European standards. In Ukraine, many entrepreneurs face difficulties in interacting with banks due to the lack of legislative norms, which complicates conducting cryptocurrency business. The introduction of clear rules and control mechanisms would eliminate these obstacles, contributing to economic growth and integration of Ukraine into the global financial market.

Given these factors, adopting the best practices of French regulation could be an important step for Ukraine in developing a mature and secure cryptocurrency ecosystem that will contribute to attracting investors and developing innovative technologies.

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SECTION 4
PROSPECTS FOR THE INTRODUCTION AND DEVELOPMENT OF DIGITALIZATION IN AN INNOVATIVE SOCIETY

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THEORETICAL BIG DATA TECHNOLOGIES

Information is becoming a key resource of our time, as digital technologies are being comprehensively implemented in all areas, from production to education and science. The development of the digital economy is leading to a growing need for information. The modern era is called the era of ‘big data’, as artificial intelligence and the Internet of Things are the basis of the fourth industrial revolution [3].

In the digital age, ‘big data’ has become a central phenomenon of great interest to professionals in various fields. Although the name hints at huge amounts of information, this is only one aspect. Big Data reflects current trends in information technology that are shaping a new model of data processing [5].

Big Data analysis is gaining and is actively used in the business environment, becoming a crucial factor for companies to succeed. Its key feature is processing extremely large amounts of data that cannot be analysed using traditional analysis methods. The use of Big Data allows you to gain an in-depth understanding of the research objectives, which significantly improves the quality of decisions made.

Big Data is a radically new approach to data analysis that, unlike traditional methods, processes all available information simultaneously and in real-time. This provides a deeper and more complete understanding of the situation by analysing data in its original state, without pre-processing [6].

Sources of big data include corporate archives and internal company information, data obtained from measuring devices (IoT sensors, audio and video recorders, smart devices, and mobile gadgets), and information collected from the Internet (social networks, forums, blogs, websites, and media) [2].

In today's world, where information is a critical resource, big data has become an essential tool for many companies. Initially, this powerful approach was used by IT companies, banks and telecommunications firms. Today, big data analytics is the key element of any large organisation's strategy.

Big data in IT is the methods and tools for processing and analysing large and diverse data to support decision-making.

The main characteristics of Big Data include [1]:

– volume: large physical volumes of data that need to be processed efficiently;

– velocity: the rapid growth of data, which requires its rapid processing and obtaining results in real time;

– variety: the ability to simultaneously process different types of data – structured, semi-structured and unstructured;

– veracity: the economic effect that Big Data technology can provide to users by improving decision-making efficiency;

– value: the quality of the data collected, which can vary considerably but is critical to obtaining reliable results.

Versatility is one of the key advantages of Big Data technology, which allows you to work with various types of data obtained from numerous sources. This data can be structured, partially structured or unstructured. To organise data in a particular application or category of applications, a data model is used that defines: data types, their structures, operations and limitations [5].

The introduction of Big Data has allowed companies not only to optimise business processes and increase efficiency, but also to radically transform their information infrastructure. Organisations have been able to instantly receive up-to-date data, which has significantly improved the speed and quality of decision-making [4].

In Ukraine, Big Data is gradually becoming an important tool for improving efficiency in various sectors of the economy and public administration, including:

– banking sector (financial institutions such as PrivatBank, Oschadbank and Sense Bank are actively using big data to analyse customer behaviour, detect fraudulent schemes and improve personalised banking offers);

– e-commerce (online platforms, such as Rozetka and Prom.ua, use Big Data to analyse consumer habits, personalise advertising campaigns, improve logistics and increase the effectiveness of marketing strategies. This helps businesses better understand customer needs and forecast demand);

– transport and logistics (the EasyWay service analyses big data to improve the public transport route network and optimise schedules. Logistics companies, such as Nova Poshta, use Big Data to efficiently manage warehouse stocks and optimise delivery routes);

– public administration (Ukraine has launched the Diia project, which integrates data from various state registers. Big Data is used to improve the provision of administrative services, analyse demographic data, and increase the efficiency of government processes).

Thus, Big Data plays a strategic role in modern economic management. Its use helps to increase productivity, optimise business processes and make management decisions more efficiently. Thanks to in-depth data analysis, companies can more accurately predict market trends, manage risks and improve their strategies based on evidence. Ukrainian companies are actively using this technology, but the experience of leading countries shows significant potential for economic growth and development. The introduction of Big Data in Ukraine can significantly increase the competitiveness of businesses on an international level, opening up new opportunities for innovation, detailed market analysis and improving the efficiency of management processes.

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DEVELOPMENT OF INNOVATION ACTIVITY IN THE CONTEXT OF DIGITALIZATION

In the modern world, digitalization has become a key driver of economic growth and technological advancement. The integration of digital technologies into various industries has reshaped business models, increased productivity, and fostered innovation. This article explores the development of innovation activity in the context of digitalization, focusing on the role of digital technologies, their impact on different sectors, and challenges associated with digital transformation.

Digitalization refers to the adoption of digital technologies to improve processes, products, and services. It facilitates innovation by providing new tools, platforms, and infrastructure for research and development. Key digital technologies that influence innovation include artificial intelligence and machine learning, big data and analytics, the Internet of Things, blockchain technology, cloud computing, and 5G networks. These technologies enable automation, predictive analytics, intelligent decision-making, secure transactions, scalable computing power, and high-speed connectivity, all of which drive innovation across industries. Moreover, digital twins and augmented reality (AR) are becoming essential tools in product design, simulation, and maintenance, offering new ways for businesses to improve efficiency and reduce operational costs.

Digitalization has had a transformative impact on multiple industries, revolutionizing traditional business models and fostering innovation [1]. In healthcare, telemedicine, AI-powered diagnostics, and wearable health devices have improved patient care and medical research. In education, online learning platforms, virtual classrooms, and AI-based personalized learning enhance accessibility and effectiveness. In manufacturing, the Fourth Industrial Revolution has introduced smart factories, automation, and robotics, increasing efficiency and reducing costs. In finance, fintech innovations, digital banking, and cryptocurrency have transformed financial transactions and investment strategies. In retail, e-commerce platforms, AI-driven customer experiences, and supply chain optimization have reshaped consumer behavior and business operations. In government and public services, e-governance, digital identity, and smart city initiatives have enhanced administrative efficiency and public service delivery. Furthermore, the entertainment industry has experienced a digital revolution, with streaming platforms, virtual reality experiences, and AI-generated content redefining how consumers engage with media.

Despite its numerous benefits, digitalization presents challenges that organizations must address to maximize its potential [2]. These challenges include cybersecurity risks, regulatory and compliance issues, the digital divide, workforce adaptation, and high initial investment costs. The increased reliance on digital technologies exposes businesses to cyber threats and data breaches. The rapid evolution of digital technologies requires to be updated policies and regulations to ensure ethical and legal compliance. Unequal access to digital technologies and infrastructure creates disparities in innovation opportunities between developed and developing regions. The digital transformation demands new skills and competencies, requiring continuous learning and upskilling of employees. Implementing digital technologies requires significant investment, which can be a barrier for small and medium-sized enterprises. Additionally, resistance to change within organizations can slow down digital adoption, requiring cultural shifts and leadership commitment to foster an innovation-driven mindset.

To overcome these challenges and foster innovation in the digital age, organizations, and governments should adopt strategic approaches such as investing in digital infrastructure, promoting research and development, enhancing cybersecurity measures, encouraging public-private partnerships, and supporting digital literacy and workforce training. Expanding access to high-speed internet, cloud computing, and smart technologies enables broader participation in digital innovation [3]. Encouraging research and development in emerging technologies helps businesses stay competitive and develop cutting-edge solutions. Strengthening security protocols and awareness programs ensures protection against digital threats. Collaboration between governments, businesses, and academia accelerates digital innovation and knowledge exchange. Implementing educational programs and deskilling initiatives helps workers adapt to digital transformation. Additionally, creating regulatory sandboxes can help businesses test and refine new digital solutions within a controlled legal framework, fostering further technological advancements.

The development of innovation activity in the context of digitalization is shaping the future of industries, economies, and societies. Digital technologies serve as powerful catalysts for innovation, enhancing efficiency, productivity, and competitiveness. However, addressing challenges such as cybersecurity, regulatory issues, and workforce adaptation is crucial for maximizing the benefits of digital transformation. By investing in digital infrastructure, fostering research and development, and promoting digital literacy, businesses and policymakers can drive sustainable innovation and economic growth in the digital age. Ultimately, organizations that embrace digital transformation will not only improve their operational efficiency but also unlock new opportunities for long-term success and global competitiveness.

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THE ROLE OF CYBERSECURITY IN ENHANCING BLOCKCHAIN-BASED ONLINE VOTING

The rapid advancement of technology has transformed various sectors, and governance is no exception. Online voting systems represent a substantial stride towards making electoral processes more accessible and efficient. However, traditional online voting systems often face issues related to transparency, security, and trust. The integration of blockchain technology offers promising solutions to these challenges by ensuring the integrity and security of the voting process.

Blockchain technology operates on a decentralized ledger system, where each transaction is recorded in a secure, immutable manner. This decentralization minimizes the risk of tampering, as there is no single point of failure that can be manipulated. Therefore, one of the primary benefits of utilizing blockchain in online voting is the enhancement of transparency. Each vote can be independently verified by all stakeholders, including voters and election authorities, without compromising voter anonymity. This transparency fosters trust in the electoral process, as all participants can audit and verify the results at any time.

Despite its advantages, the adoption of blockchain technology in online voting is not without challenges. Issues related to voter anonymity must be carefully addressed. Ensuring that while votes are secure and verifiable, the identity of voters remains confidential, requires sophisticated cryptographic techniques. Furthermore, the digital divide poses a significant hurdle; not all citizens have access to the necessary technology or the internet, which could lead to unequal participation in elections.

The adoption of blockchain technology in online voting systems offers promising solutions for ensuring transparency, security, and immutability. However, cybersecurity challenges, such as 51 % attacks, phishing, and smart contract vulnerabilities, significant risks. This paper explores the advantages of blockchain-based voting, potential threats, and countermeasures to enhance its security.

Traditional electronic voting systems suffer from security lacks, such as data manipulation, hacking, and lack of transparency. Blockchain, with its decentralized and cryptographic principles, provides a secure alternative. However, vulnerabilities remain, necessitating further research in cybersecurity measures.

Moreover, security is a significant concern in online voting systems. Cybersecurity threats, such as hacking and data breaches, can undermine the integrity of elections. By implementing blockchain technology, votes are encrypted and linked to unique cryptographic keys, creating a robust barrier against unauthorized access. The decentralized nature of blockchain means that even if one node is compromised, the overall system remains secure. Additionally, smart contracts can be utilized within the blockchain framework to automate the voting process, ensuring that the terms of voting are followed precisely and that results are calculated accurately without human intervention.

The incorporation of blockchain technology into online voting systems provides robust solutions to enhance transparency, security, and trust. While challenges remain, particularly concerning voter anonymity and equitable access, the potential benefits of blockchain cannot be overlooked. As technology continues to evolve, continuous research and development are essential to address these challenges, paving the way for more secure, fair, and accessible electoral processes globally.

In addition to improving security, blockchain technology can enhance voter trust in the electoral process. By providing a transparent and immutable record of votes, voters can verify that their selections were accurately counted. This transparency fosters greater confidence among citizens in the integrity of elections.

Moreover, blockchain's decentralized nature minimizes the risk of a single point of failure. Unlike traditional voting systems, which may be vulnerable to centralized attacks, a blockchain-based system operates across a distributed network of nodes, making it significantly harder for hackers to compromise.

Furthermore, the use of smart contracts can automate various aspects of the voting process, such as eligibility verification and result tabulation, reducing human error. This automation streamlines operations, allowing for a more efficient electoral process.

Finally, the implementation of blockchain in voting can democratize access to the electoral system. Remote voting through secure digital platforms enables participation from individuals who may face barriers to traditional voting, such as those living abroad or individuals with disabilities.

In conclusion, while challenges remain in the integration of blockchain technology in online voting systems, its potential to enhance transparency, security, and accessibility is promising. However, addressing cybersecurity challenges is crucial for their practical implementation. Further research is needed to enhance resilience against cyber threats while maintaining the integrity of the voting process.

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ZERO TRUST SECURITY AS A NEW WAY OF PROTECTING THE INTERNET

Traditional security models that rely on perimeter defenses are no longer sufficient in the modern digital landscape. The rise of cloud computing, remote work, and sophisticated cyber threats have necessitated a more rigorous security approach. Zero-trust security is an emerging model that assumes no entity, whether inside or outside the network, can be trusted by default. Instead, verification is required at every access stage, significantly reducing the risk of unauthorized breaches.

The fundamental principle of Zero Trust is "never trust, always verify". Unlike traditional security models that assume trust within a defined network perimeter, Zero Trust eliminates the concept of implicit trust. Every user, device, and application must be authenticated and continuously verified before accessing resources. This principle helps prevent lateral movement within a network, reducing the chances of an attacker gaining widespread control after breaching a single endpoint.

A critical component of Zero Trust is identity and access management. This involves strict authentication measures, such as multifactor authentication (MFA) and role-based access control (RBAC). By ensuring that users and devices are only granted access to the resources they need, organizations minimize their attack surface and reduce the impact of potential security breaches.

Another essential aspect is continuous monitoring and analytics. Unlike traditional models that assume one-time authentication is sufficient, Zero Trust relies on real-time user behavior and network activity analysis. Automated responses can be triggered to mitigate potential threats if unusual or suspicious activity is detected. This proactive approach ensures that security threats are identified and contained before they can cause significant damage.

Network segmentation is also a key element in the Zero Trust framework. Organizations can limit the movement of threats by dividing the network into smaller, isolated segments.

Even if an attacker gains access to one segment, they cannot quickly move laterally to compromise the entire system. Micro-segmentation ensures that security policies are applied at a granular level, restricting access based on predefined rules.

Implementing Zero Trust is not a one-time action but a continuous process that requires a shift in mindset and infrastructure. Organizations must adopt a combination of technologies to fully implement this model, including identity verification, endpoint security, encryption, and behavioral analytics. While transitioning to Zero Trust may require significant investment and effort, the long-term benefits far outweigh the costs, as it provides a resilient and adaptable security posture in an ever-evolving threat landscape.

As cyber threats continue to evolve, Zero Trust Security has emerged as a crucial framework for organizations looking to enhance their security posture. By enforcing strict verification, minimizing implicit trust, and continuously monitoring activity, Zero Trust provides a robust defense against modern cyber threats. It is not just a trend but a necessary evolution in cybersecurity that organizations must embrace to protect their digital assets effectively.

Another significant advantage of Zero Trust Security is its adaptability to modern IT environments. As organizations increasingly adopt hybrid and multi-cloud architectures, traditional security perimeters become less effective. Zero Trust provides a flexible framework that secures applications, data, and users regardless of location. This is particularly critical in an era where employees frequently work remotely and access corporate resources from various devices and networks. By enforcing granular access controls and continuously verifying identities, organizations can ensure that security remains consistent across all environments.

Additionally, Zero Trust aligns with regulatory and compliance requirements, making it an essential approach for businesses operating in highly regulated industries. Frameworks such as GDPR, HIPAA, and NIST recommend stringent access controls, data encryption, and continuous monitoring – key components of the Zero Trust model. By implementing Zero Trust principles, organizations can strengthen their security posture and demonstrate compliance with industry standards, reducing the risk of legal and financial penalties.

Ultimately, adopting a zero-trust approach requires a cultural shift within organizations. Employees and stakeholders must understand that cybersecurity is a shared responsibility, and continuous verification is a safeguard rather than an inconvenience. Security awareness training, advanced threat intelligence, and automation ensure that Zero Trust is effectively implemented and maintained. As cyber threats continue to evolve, organizations that embrace Zero Trust will be better positioned to defend against sophisticated attacks and protect their critical assets in the digital age.

Another crucial aspect of Zero Trust Security is its integration with artificial intelligence (AI) and machine learning (ML). These technologies enhance security by enabling automated threat detection and response mechanisms. AI-driven security solutions can analyze vast amounts of data in real-time, identifying patterns and anomalies that might indicate a cyberattack. Zero Trust systems can dynamically adjust access controls based on risk levels by leveraging behavioral analytics, preventing unauthorized activities before they escalate into full-scale breaches. This proactive approach significantly improves an organization's ability to respond to emerging threats efficiently.

Moreover, Zero Trust Security plays a vital role in protecting critical infrastructure and supply chains. Cyberattacks targeting essential services like energy, healthcare, and finance have become increasingly sophisticated. A breach in one part of the supply chain can have cascading effects, compromising multiple organizations. By applying Zero Trust principles across interconnected systems, companies can minimize the risk of supply chain attacks by ensuring that every entity is continuously verified and granted only the necessary level of access. This holistic approach strengthens the overall resilience of digital ecosystems and prevents attackers from exploiting weak links in security frameworks.

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THE DEVELOPMENT OF ARTIFICIAL INTELLIGENCE IN CYBERSECURITY: THREAT OR PROTECTION?

Artificial intelligence (AI) is increasingly integrating into various aspects of life, transforming approaches to solving complex problems. In recent years, AI has become essential to cybersecurity, aiding in threat detection, automating defense processes, and improving methods for combating cyberattacks. However, AI is also being leveraged by malicious actors who use it for attacks, bypassing security mechanisms and developing more sophisticated hacking techniques. This report explores how AI is transforming the field of cybersecurity, the advantages it offers in fighting cybercrime, and the risks associated with its uncontrolled use.

AI as a Cybersecurity Tool. One of the key applications of AI in cybersecurity is automated real-time threat monitoring. Traditional methods of detecting malware and network attacks rely on static rules and signatures, making them ineffective against new, unknown threats. With machine learning algorithms, AI analyzes vast amounts of data and can identify anomalies that may indicate a cyberattack. This enables much faster threat response and prevents their spread.

Another important aspect is the adaptability of security systems. AI can learn from past attacks, modifying algorithms according to emerging threats. This approach makes security systems dynamic rather than static, significantly enhancing their effectiveness. Additionally, AI allows for automating routine tasks such as log processing, network traffic filtering, and identifying suspicious activities. This reduces the workload on cybersecurity specialists, allowing them to focus on more complex aspects of system protection.

AI in the Hands of Cybercriminals. While AI can effectively protect information systems, it also creates new opportunities for cybercriminals. Hackers use AI to develop malware capable of autonomously modifying its code to evade detection by antivirus systems. Such programs can adapt to their environment and even make independent decisions about their next actions, making them extremely difficult to neutralize.

Furthermore, AI enhances social engineering attacks. For example, deep-fake technology enables the creation of fake video and audio recordings used for fraud or to discredit individuals. AI also automates phishing attacks by generating personalized messages for potential victims, increasing the likelihood of successful deception. Another example is automated attacks on AI systems, where attackers intentionally feed false data to AI models to mislead them in threat detection.

AI vs. AI: The Future of Cybersecurity. Modern cybersecurity researchers are developing systems where AI can counteract the AI used by cybercriminals. This creates a kind of "arms race," where both sides continuously improve their algorithms. In the future, this could lead to the emergence of self-learning security systems capable of predicting possible attack vectors and preventing them before they occur.

However, ethical and safety concerns arise with this approach. Since AI can make decisions without direct human intervention, there is a risk that it may reach incorrect conclusions, blocking legitimate user actions or even causing severe disruptions in information systems. Additionally, regulatory and liability issues remain unresolved: who is responsible if an autonomous system makes an error that leads to significant consequences?

To mitigate such risks, legal frameworks governing AI use in cybersecurity must be developed. This includes establishing international standards that define acceptable levels of system autonomy and transparency requirements.

In conclusion, artificial intelligence has become a powerful tool in cybersecurity, significantly improving threat detection and automating the protection of information systems. Its ability to analyze large amounts of data and adapt to new challenges makes it indispensable in combating modern cyberattacks. However, alongside its advantages, AI also introduces new risks: cybercriminals can exploit it to bypass security measures and launch sophisticated attacks.

The ongoing battle between defenders and attackers in cyberspace is becoming increasingly complex as both sides use AI. The future of cybersecurity will likely be determined by which side can adapt its technology more rapidly. It is crucial to develop protective mechanisms and establish ethical standards and legal norms governing AI use. Ultimately, the question remains: will AI become the primary ally in the fight against cybercrime, or will it become another significant threat to the digital world?

Thus, AI has rapidly evolved, transforming various sectors, including cybersecurity. AI enhances threat detection by automating responses to cyberattacks and predicting vulnerabilities. However, this advancement raises concerns about its misuse. Cybercriminals may leverage AI for sophisticated attacks, complicating defense strategies. Balancing AI's potential benefits and risks is crucial. Continuous research and collaboration among experts are essential for developing ethical frameworks. Organizations must invest in training to harness AI responsibly. Ultimately, AI can serve as both a tool for protection and a potential threat, highlighting the importance of vigilance in cybersecurity.

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TAXATION IN THE DIGITAL ERA: CHALLENGES IN TAXING ONLINE ENTERPRISES AND CRYPTOCURRENCIES

The advent of the digital era has revolutionized traditional business models, introducing complexities in taxation systems worldwide. Online enterprises and cryptocurrencies, emblematic of this transformation, present unique challenges to existing tax frameworks. Consequently, understanding these challenges is imperative for policymakers aiming to adapt taxation mechanisms effectively. Given the rapid expansion of digital commerce and decentralized financial systems, governments must continuously refine their taxation strategies to ensure compliance, fairness, and sustainability.

The digital age has fostered the emergence of business models that transcend conventional boundaries. E-commerce platforms, digital services, and decentralized finance exemplify operations without a fixed physical presence. Therefore, traditional tax systems, which rely on physical nexus and tangible assets, struggle to accommodate these virtual entities. Moreover, the rapid evolution of digital technologies often outpaces legislative processes, leading to regulatory gaps. Digital businesses such as streaming services, gig economy platforms, and software-as-a-service (SaaS) providers generate significant revenues without clear taxation mechanisms in many jurisdictions. As a result, governments face difficulties in accurately assessing tax liabilities and enforcing tax compliance across borders.

One primary challenge in taxing online businesses is determining the appropriate jurisdiction for taxation. Digital enterprises can operate in multiple countries simultaneously without a substantial physical presence in any, complicating the application of source-based taxation principles. For instance, a company registered in Country A can provide services to consumers in Country B without any physical infrastructure in Country B, raising questions about tax obligations. The traditional concept of "permanent establishment" becomes increasingly obsolete in the digital economy, necessitating a redefinition of tax jurisdiction. Some countries have introduced unilateral digital services taxes (DSTs) to address this issue, but these policies risk trade disputes and double taxation. The European Union and the OECD continue to work towards global solutions, but reaching a consensus remains a challenge.

Digital businesses often exploit existing tax laws to allocate profits to low-tax jurisdictions, thereby minimizing their tax liabilities. This practice, known as base erosion and profit shifting (BEPS), undermines the tax bases of higher-tax countries. Consequently, governments face reduced revenues, impacting public services and infrastructure investments. Many multinational technology firms use intellectual property (IP) ownership structures and licensing arrangements to shift profits to tax havens legally. The OECD's Pillar One proposal aims to reallocate taxing rights, ensuring that large multinational enterprises pay taxes where their users generate value. However, the implementation of this framework requires broad international cooperation, which is complex and politically sensitive.

In response to these challenges, international bodies like the Organisation for Economic Co-operation and Development (OECD) have initiated frameworks to reform global tax rules. The OECD's Base Erosion and Profit Shifting (BEPS) project aims to ensure that profits are taxed where economic activities occur and value is created. However, achieving consensus among nations with divergent interests remains a significant hurdle. The OECD's proposed global minimum tax of 15% on multinational corporations, under the Pillar Two framework, seeks to reduce tax avoidance by setting a baseline corporate tax rate. While many countries have agreed in principle, the practical implementation and enforcement of these measures remain ongoing debates.

Cryptocurrencies introduce additional complexities due to their decentralized nature and pseudonymous transactions. Unlike traditional financial systems, cryptocurrencies operate without central intermediaries, making it challenging for tax authorities to monitor transactions and enforce compliance. Therefore, the potential for tax evasion and money laundering increases. Additionally, the classification of cryptocurrencies varies among jurisdictions—some treat them as property, others as financial assets, and some as digital commodities. This lack of uniformity in tax treatment creates confusion for both taxpayers and regulatory authorities.

Governments worldwide are grappling with how to regulate and tax cryptocurrencies effectively. Some countries have implemented stringent reporting requirements for cryptocurrency exchanges to enhance transparency. For example, the European Union's Crypto-Asset Reporting Framework (CARF) mandates that crypto-asset service providers collect and report user information to tax authorities. This initiative aims to curb tax evasion and align with the broader Common Reporting Standard (CRS). Similarly, the U.S. Infrastructure Investment and Jobs Act requires digital asset brokers to report cryptocurrency transactions to the Internal Revenue Service (IRS), strengthening oversight and compliance. However, decentralized finance (DeFi) platforms and peer-to-peer transactions remain largely outside regulatory reach, posing continued enforcement challenges.

The volatile nature of cryptocurrencies poses challenges in valuation and reporting for tax purposes. Fluctuations in cryptocurrency prices can lead to discrepancies in reported income and actual gains or losses. Moreover, taxpayers may lack the necessary knowledge to accurately report cryptocurrency transactions, leading to unintentional non-compliance. Capital gains taxes on crypto transactions vary widely, with some countries imposing significant levies while others adopt more lenient approaches. The lack of real-time tracking mechanisms further complicates enforcement, allowing some taxpayers to underreport or misreport their taxable events.

Enforcing tax compliance in the digital realm is fraught with difficulties. The pseudonymous nature of cryptocurrency transactions makes it arduous for tax authorities to trace taxable events. Additionally, the global reach of online businesses allows them to operate in jurisdictions with lax enforcement, further complicating compliance efforts. To combat these challenges, some governments are implementing blockchain analytics tools to track illicit transactions and improve tax collection efficiency. However, privacy advocates argue that excessive surveillance of digital financial activities may infringe upon personal freedoms.

Developing economies face unique challenges in taxing digital businesses and cryptocurrencies. Limited technological infrastructure and expertise hinder effective monitoring and enforcement. Consequently, these countries may experience significant revenue losses, exacerbating existing economic disparities. Large technology firms often generate substantial revenues from consumers in emerging markets without paying commensurate taxes, leading to calls for fairer taxation models. To address this, international organizations are promoting capacity-building initiatives to equip developing nations with the tools needed to regulate digital taxation effectively.

To address these challenges, tax authorities are increasingly leveraging technology to enhance tax administration. Implementing advanced data analytics, blockchain technology, and artificial intelligence can improve the tracking of digital transactions and identification of tax liabilities. However, integrating these technologies requires substantial investment and poses its own set of challenges. Some governments are exploring central bank digital currencies (CBDCs) as a means to improve tax compliance by ensuring transparent and traceable digital transactions.

Addressing the taxation challenges posed by online businesses and cryptocurrencies necessitates a multifaceted approach. Policymakers should consider the following recommendations:

- Strengthening international cooperation is crucial to harmonize tax regulations and close loopholes exploited by digital businesses.
- Developing agile legal frameworks that can swiftly adapt to technological advancements will ensure that tax systems remain relevant and effective.
- Investing in the technological capabilities of tax authorities, especially in developing countries, will enhance enforcement and compliance.
- Educating taxpayers about their obligations concerning digital transactions and cryptocurrencies can improve voluntary compliance.
- Exploring blockchain’s potential to create tamper-proof tax reporting mechanisms could enhance transparency and prevent fraud.

In conclusion, the digital age presents unprecedented challenges to traditional taxation systems. Online businesses and cryptocurrencies operate beyond physical and regulatory boundaries, complicating tax administration. Therefore, a concerted effort involving international collaboration, technological innovation, and adaptive policymaking is essential to address these challenges effectively. By doing so, governments can ensure equitable taxation and sustainable revenue streams in an increasingly digitalized global economy.

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INNOVATIVE OPPORTUNITIES OF DIGITAL TWINS IN SPORTS

In modern sports, high performance is achieved not only through physical training, but also by the implementation of innovative technologies that enhance the effectiveness of the training process. One of the most promising technologies is the digital twin – a virtual replica of an athlete created based on collected data about their physiological, biomechanical, and psychological characteristics. The digital twin technology opens new opportunities for personalized training, as it allows for real-time analysis and prediction of the athlete's response to various training loads. This enables the adaptation of the training process to the athlete's current condition, selecting optimal loads, and preventing injuries.

Real-time data is the lifeblood of digital twins in sports. It allows for [1]:

– Immediate Performance Analysis: Coaches can assess and adjust strategies mid-game.

– Proactive Maintenance: Equipment issues can be predicted and addressed before they cause problems.

– Dynamic Fan Experiences: Stadiums can adjust services based on real-time crowd behavior and preferences.

A digital twin can be an athlete, part of the equipment, or even an entire training complex [2]. As a result, the digital twin model becomes a tool for modeling and predicting the effectiveness and performance of the training process, and can also be used to optimize training without the need for the athlete to undergo a series of lengthy tests.

Let's consider a few real-world examples of the practical application of digital twins in sports:

1. *Marathon Preparation*: The Boston Marathon collaborated with Tata Consultancy Services to develop a digital twin of an athlete's heart. This helped optimize endurance and reduce the risk of cardiovascular issues [3].

2. *Swimming*: The Paris 2024 Olympic Games integrated digital twins to assist swimmers in improving their technique and performance. The swimmers' movements were recorded and analyzed, with real-time feedback provided on how to reduce resistance and increase speed. This enabled athletes to reduce their race times by an average of 0.5–1.0 seconds [4].

3. *Golf*: Companies such as Infinite Reality and NTT Data are collaborating to create digital twins for golf. These tools help refine swing techniques, select the best clubs for various scenarios, and, overall, they have improved shot accuracy by 12–18 % [5].

Summarizing and systematizing the researches in this area, the strengths of digital twins are:

– **Improved Training Performance Analysis**: A digital twin offers a detailed view of an athlete's performance by collecting and analyzing data from various sensors. Real-time feedback can be critical for athletes to make necessary adjustments during training, leading to improved results. Neurofeedback training helps athletes optimize their mental state, complementing physical training data.

– **Personalized Training Programs**: A digital twin can create individualized training programs that adapt to an athlete's progress. This may include the use of genetic algorithms, training styles, case analysis, and more to personalize the training process.

– **Injury Prevention and Management**: A digital twin can identify potential injury risks by analyzing biomechanical and physiological data, allowing for proactive preventive measures to be taken.

– **Enhanced Coaching Capabilities**: A digital twin enables remote coaching and provides comprehensive data that coaches can use to adapt strategies and methods. For example, integrating smart insoles and RFID tags helps coaches analyze athletes' performance and adjust training programs accordingly.

– **Improved Engagement and Motivation**: By incorporating gamification elements and providing real-time feedback, a digital twin can enhance athlete motivation and engagement. For instance, the use of image recognition in virtual reality can create an interactive training environment that supports athlete activity.

These strengths illustrate how digital twins can significantly enhance various aspects of sports performance, from training analysis to injury prevention and coaching efficiency.

So, we concluded that digital twins in sports contribute to improved performance and reduced injury risks through personalized monitoring and real-time analysis of training. They enable precise modeling of athlete movements and physiological responses, which ensures effective load adjustments and technique improvements. The implementation of standardized approaches to digital twins opens new opportunities for sports science and medicine.

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DIGITAL SOCIETY: IMPACTS AND SOLUTIONS

The 21st century is marked by the accelerating phenomenon of digitalization, wherein digital technologies increasingly permeate societal structures. This encompasses a broad spectrum of innovations, including the internet, mobile computing, artificial intelligence (AI), and big data, which collectively reshape communication, labor, education, and social interaction. Consequently, a critical evaluation of its dualistic nature is essential, acknowledging both the significant advancements it facilitates and the challenges it presents.

Digitalization offers substantial benefits. The evolution of digital communication has enabled instantaneous global connectivity, fostering huge levels of social interaction and information dissemination through platforms like social media. Economically, digitalization has catalyzed growth, fostering new industries and business models. E-commerce has expanded market access, and automation alongside AI has enhanced efficiency across sectors. Furthermore, the internet provides a vast repository of information, democratizing knowledge and facilitating online learning. In healthcare, digital technologies have improved telemedicine, electronic records, and AI-driven diagnostics. Digitalization has also streamlined daily tasks, enhancing convenience [1–2].

However, this transformation brings challenges. Job displacement due to automation and AI requires workforce adaptation. The collection of personal data raises privacy and security concerns, with cybercrime posing significant risks. Excessive digital engagement can lead to social isolation and mental health issues, exacerbated by online harassment. Misinformation in the false news erodes trust in reliable sources. Finally, AI's application in decision-making raises ethical concerns regarding bias [3].

Addressing these challenges requires a comprehensive approach. The increasing automation driven by AI poses a significant threat of job displacement. To counter this, a varied approach is necessary. Firstly, governments and industries must invest in accessible reskilling and upskilling programs, equipping workers with the digital literacy and technical skills required for the evolving job market. Secondly, fostering a culture of lifelong learning through flexible educational platforms is crucial for workforce adaptability. Thirdly, supporting innovation in emerging sectors can generate new employment opportunities. Finally, setting up adaptable social safety nets should be considered to buffer the impact of job losses [4–6].

The collection of personal data raises critical privacy and security concerns. To address this, governments must prioritize passing and enforcing robust data privacy regulations. Organizations should invest in advanced cybersecurity infrastructure to mitigate the risk of data breaches. Furthermore, companies must adopt transparent data collection and usage practices. Given the transnational nature of cybercrime, international collaboration in cybersecurity is imperative [7].

Excessive digital engagement can contribute to social isolation and mental health challenges. To mitigate this, public awareness campaigns should promote responsible digital consumption. The creation of supportive online communities can foster positive social interactions. Digital platforms should prioritize user well-being in their design. Finally, effective strategies to combat online harassment and cyberbullying are crucial.

The spread of misinformation undermines trust in credible sources. To counter this, educational programs should emphasize critical evaluation of online information. Independent fact-checking organizations play a vital role in combating misinformation. Social media platforms must be held accountable for the content they distribute [8].

The application of AI in decision-making raises ethical concerns. To address this, the development of clear ethical guidelines for AI development is essential. Efforts should be made to minimize biases in AI algorithms. Transparency and explainability in AI systems are crucial. Finally, governments should establish regulatory frameworks for AI [9].

In conclusion, the responsible navigation of the digital landscape requires a concerted effort to mitigate its inherent challenges. By implementing comprehensive strategies to address job displacement, privacy concerns, social isolation, misinformation, and ethical AI, we can harness the transformative potential of digitalization while fostering an inclusive and sustainable digital future. This necessitates a collaborative approach involving governments, industries, academia, and individuals, working together to shape a digital world that is better for everyone involved [10].

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DIGITALIZATION OF TAX SYSTEM IN SPAIN

Spain has implemented a 3 percent digital services tax (DST) on revenues from online advertising, digital intermediation services, and user data sales. The DST applies to companies with global revenues exceeding €750 million and Spanish revenues above €3 million. The tax is assessed at the group level, and compliance includes quarterly tax settlements and increasing reporting requirements.

Companies are required to geo-locate their customers to determine if they are subject to the Spanish digital services tax. The Spanish government expects to raise additional revenue of €968 million annually from the levy. In response to Spain's DST, the U.S. Trade Representative approved additional duties of 25 percent on products from Spain, equivalent to the revenue amount Spain is expected to collect from U.S. companies from the digital services tax.

The DST is designed to address the misalignment between where value is created by digital services and where taxes are paid, aiming to capture tax from digital activities linked to Spanish users. Companies are required to determine the location of their users, typically through IP addresses, to assess tax obligations accurately.

The Spanish Tax Agency has been a pioneer in developing electronic services within the Spanish public sector, facilitating citizens' rights to interact electronically. The agency has implemented various information and assistance tools for taxpayers, incorporating technologies such as artificial intelligence (AI), predictive modeling, and big data. These advancements aim to enhance taxpayer assistance, reduce administrative burdens in tax compliance, and improve the detection and prevention of non-compliance.

The implementation of Spain's Digital Services Tax (DST) has raised concerns about its potential negative impact on the national economy. A study by Adigital and AMETIC estimates that the DST could lead to a reduction in Spanish GDP by up to €662 million. This decline is attributed to increased production costs for businesses and higher prices for consumers, potentially decreasing overall consumption and investment in the digital sector.

Furthermore, the DST has raised concerns about potential double taxation and its alignment with international tax principles. The tax is levied on gross revenues rather than profits, which may lead to situations where companies are taxed multiple times on the same income. This approach could violate existing tax treaties and EU fundamental freedoms, potentially leading to legal challenges and further economic implication.

Conclusion: Spain's implementation of the Digital Services Tax (DST) reflects a broader effort to modernize its tax system in response to the rapidly expanding digital economy. While the tax aims to ensure fairer contributions from large multinational tech companies and improve the alignment between digital value creation and tax collection, it has also raised significant economic, legal, and geopolitical concerns. Potential drawbacks include reduced investment, increased costs for consumers and businesses, risks of double taxation, and international trade tensions. As such, while the DST represents an important step toward digital tax reform, its long-term success will depend on coordinated international solutions that balance fiscal fairness with economic stability.

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THE ROLE OF ONLINE TRANSLATION TOOLS AND THEIR IMPACT ON LANGUAGE ACCURACY

Translation is the process of converting text from one language to another. It requires not only knowledge of vocabulary and grammar but also an understanding of culture and context. Over the years, technology has played an important role in translation. It started with machine translation systems and evolved with electronic dictionaries and computer-assisted translation (CAT) tools. Today, online translation platforms like Google Translate make translation faster and more accessible, though concerns about accuracy still remain.

The history of machine translation goes back to the 20th century. In 1933, a Hungarian engineer patented a machine to help with written translation. Later, Peter Toma's project at Georgetown University became a key step toward modern translation systems. With the growth of the internet, tools like Google Translate and Microsoft Translator became widely used. These tools use artificial intelligence to provide fast and fairly accurate translations.

Online translation tools have many benefits. They offer instant translations, which are useful for students, travelers, and professionals who need to understand or communicate in another language. Most services are free, so they are available to many people. They also support international cooperation in business, education, and research. In schools, they help students expand their vocabulary, understand texts.

However, online translators have limitations. Accuracy can be an issue. Sometimes, they provide incorrect translations, especially with slang, or complex sentences. They also miss cultural or contextual meanings, which can lead to unnatural or misleading translations. Additionally, the quality of translations depends on the popularity of the language. Common languages like English or Spanish are well supported, while less popular languages may have poor translations due to a lack of data.

Another problem is the overuse of machine translation in professional fields. In areas like law, medicine, or business, even small mistakes can cause big problems. Therefore, human translators are still needed for accurate and culturally correct translations.

Online translators have both positive and negative effects on language accuracy. They make communication easier and give people access to information in other languages. However, they may not always be reliable, especially in academic or formal settings. Research shows these tools can help with language learning, but students and teachers need to know how to evaluate and correct machine-generated translations. When used correctly, these tools can help language development without lowering the quality of learning.

In conclusion, online translation tools have changed the way we communicate across languages. They are fast, convenient, and free. However, they still have limitations. Users should understand these weaknesses and use these tools as a helpful aid, not a complete solution. As artificial intelligence continues to improve, these tools will become even more useful for professional and academic purposes.

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DIGITALIZATION OF THE LEGAL SYSTEM

Ukraine is on the verge of a large-scale digital transformation in the field of justice. The implementation of the Unified Judicial Information and Telecommunications System (UETIS) promises to change approaches to the work of courts, make them more transparent, accessible, and convenient for all participants in the process. How does this happen in practice, and why is the digitalization of judicial proceedings more than just a technical project?

The Unified Judicial Information and Telecommunications System is a large-scale platform designed to automate the work of courts and make the justice process more efficient. In 2023 alone, Ukrainian courts handled more than 3 million cases. It is clear that processing such a vast number of documents manually or without integrated digital tools places a significant burden on the system.

The EUTIS allows judges, lawyers, and citizens to quickly access case materials, participate in online meetings, and provides information exchange with other state registers. For example, in 2023, almost 904 thousand. Court hearings were held online, which became especially important during the martial law period.

The modernization of the EUITS is not only the development of new technical solutions. It involves the implementation of new data security standards, improving business processes, and creating convenient services for users. But the main thing is transparency and accountability, which are the basis of the reform. It is also the fulfillment of Ukraine's international obligations as a candidate country for accession to the European Union. The digitalization of judicial proceedings is part of the judicial reform within the framework of the EU initiative for Ukraine - Ukraine Facility Plan.

The digitalization of judicial proceedings is the gradual transformation of all judicial proceedings into electronic services, which requires a clear strategy, coordination, and involvement of all stakeholders. For this purpose, a project office has been created under the State Judicial Administration of Ukraine. The Project Office uses approaches from international project management practices, in particular Project Management Institute (PMI) standards. Its main task is to ensure that all stages of projects are structured, controlled, and effective. In our case, the Project Office of the State Judicial Administration deals with issues of digital development, transformations, and digitalization.

This approach helps to avoid chaos, dispersion of efforts, and duplication of work. The Project Office controls all aspects of the modernization of the Unified Judicial Information and Telecommunications System, from the development of technical documentation to the implementation of new solutions, testing, and coordination of work with various stakeholders. It is interesting that the practice of creating project offices in state bodies is already successfully working in Ukraine. Similar offices operate in the Ministry of Finance, the Ministry of Defense, the Ministry of Reconstruction, and other departments.

Thus, the project office is not just “another” management structure, but an important tool for the systematic implementation of any large-scale transformations. What in the language of project managers is called “change management”?

It is important that these changes are taking place with the assistance of international partners, in particular the "Digital Transformation Assistance" (DTA) project, funded by USAID and UK Dev.

The key document that consolidates this partnership is the Memorandum of Cooperation between the State Judicial Service of Ukraine, the Eurasia Foundation, and the Eastern Europe Foundation. This allows for the attraction of resources, expert assistance, and best international practices.

To achieve the goals, the SJA team of Ukraine uses the OKR (Objectives and Key Results) approach, which allows you to define clear tasks and evaluate their implementation.

Again, OKR is an innovative approach that has already become part of the work of several state bodies in Ukraine. For example, the National Agency for the Prevention of Corruption (NACP) implemented OKR in its activities back in 2021, and the Ministry of Digital Transformation began using this methodology in 2024.

As Mykhailo Fedorov, Deputy Prime Minister and Minister of Digital Transformation, noted at the recent Forbes Tech 2024 forum, "thanks to the OKR method of setting and implementing goals, the Ministry of Digital Transformation has increased the efficiency of nine areas of the body's work tenfold over the past six months."

The SJA team of Ukraine has already been convinced of the effectiveness of the method by its own example. The approach ensures transparency at all levels: each employee knows what other teams are working on and how their work correlates with overall goals. Such coordination of actions promotes synergy and efficiency.

The SJA team of Ukraine faces ambitious challenges that require a systematic approach and coordinated efforts. One of the key tasks envisaged within the framework of the Ukraine Facility Plan is the development of a roadmap for the modernization of the EUITS and its full implementation by the end of 2027.

An important stage in this process is the integration of the EUITS with other state databases, the implementation of centralized automated distribution of court cases, the improvement of the mechanism of remote court hearings, and compliance with the highest standards of information protection.

A key role in achieving these goals is played by coordinated cooperation and communication between all stakeholders, including the High Council of Justice, the Supreme Court, the Ministry of Digital Transformation, the Verkhovna Rada Committee on Legal Policy of Ukraine, international partners, and, of course, the users of the EUITS. The total number of users of the EUITS, taking into account the scale of legal proceedings, reaches several million.

We strive to create a system that will cover all judicial processes and become a convenient service focused on different categories of users: judges, court employees, citizens, and businesses. Our priorities are automation of work processes, simplification of access to judicial services. By the end of 2030, thanks to the development of digital judicial services, we strive to achieve that 90 % of applications to the court will be submitted online.

The level of trust in the judiciary is determined not only by the quality of judicial decisions, but also by the transparency and efficiency of all processes in the system. The digital transformation of justice is intended to become the foundation for these changes.

The digitalization of the legal system marks a significant step toward enhancing the efficiency, accessibility, and transparency of justice. By integrating modern technologies into legal processes, courts and legal institutions can streamline case management, reduce procedural delays, and improve public access to legal information and services. However, this transformation also presents challenges, including the need to ensure data security, protect individual rights, and address the digital divide. As digitalization continues to evolve, it is essential to balance innovation with legal integrity, ensuring that technological advancements serve the fundamental principles of justice and equality.

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DIGITALIZATION OF THE BANKING SECTOR: CHALLENGES, OPPORTUNITIES, AND DEVELOPMENT PROSPECTS

In modern conditions, where the world is constantly evolving, the banking sector is also undergoing significant changes and passing through stages of digital transformation. Innovations in the banking sector create new opportunities for development, improving the provision of various services, and more effective work with clients of financial organizations.

It can be noted that the digitalization of the banking sector is a labor-intensive stage of implementing digital technologies to improve the functioning of banks, increase their efficiency, as well as the speed of data processing. That is, through digitalization, banking institutions reach a new level in their operations, optimizing internal processes, reducing costs, and increasing the convenience and accessibility of their services for all clients.

In most cases, the impetus for the introduction of new technologies, including digital ones, comes from certain crisis situations when there is a need to find effective ways to overcome them [4]. In Ukraine, such moments of economic instability arise quite often, therefore, financial institutions, particularly banks, are constantly working on developing new tools to improve customer service and interaction with them. The main factors of the active digitalization of the banking sector in Ukraine are:

- Competition for clients and market segments, as digital solutions provide banks with a significant competitive advantage in a market with a large supply of financial services, and also help strengthen their positions.
- Regulatory and sanitary restrictions that arose during the COVID-19 pandemic necessitated the rapid adaptation of banks to new working conditions. As a result of forced isolation, financial institutions quickly organized remote work and improved remote communication channels with clients.
- The factor of martial law also required banks to ensure the continuity of their operations, the resumption of work during regular shelling and power outages, as well as access to banking services for clients, many of whom are internally displaced persons located in different parts of the world.
- The need to fulfill the tasks set within the framework of the "Strategy of the National Bank of Ukraine until 2025," which covers the main directions such as the

development of a cashless economy, improving the state of financial inclusion, stimulating innovation in the financial sector, and strengthening its cybersecurity.

- The rapid development of social networks and the digitalization of social and administrative services. Social networks and access to social services play a significant role in stimulating innovation in the banking sector, serving as a platform for collecting information and promoting banking products and services [1].

That is, the digitalization of the banking sector in Ukraine is not just a response to the crisis situations that arise in the country and the world, but also a necessity to maintain competitiveness and improve financial institutions in the new realities we face every day. The introduction of digital technologies allows banks to adapt to the constantly changing economic environment, ensuring the continuity of their operations even in difficult conditions. In parallel, strategic initiatives, particularly within the framework of the "Strategy of the National Bank of Ukraine until 2025," contribute to the creation of a modern, inclusive, and secure financial ecosystem [3].

Currently, the following main innovative solutions that stimulate the development of the banking sector have been identified: the introduction of chatbots, artificial intelligence, as well as digital lending systems.

In 2022, in Ukraine, every fourth financial institution intended to invest in chatbots. Currently, only 18 % of banks and credit unions have already made such investments. The banking sector has realized that chatbots, or artificial intelligence with which a client can communicate, have become an important competitive element. There are three important factors that determine the necessity of using chatbots:

1. Process Quality. The percentage of refusals from digital services in the banking sector continues to be quite high. Banks need to implement chatbots as components of critical business processes (for example, opening accounts), and not just as sales and service tools.
2. Data. Attempts to systematize and store data collected through cooperation with clients are often insufficient and inaccessible to other projects that could use them. Data collected using chatbots can help overcome these problems. Therefore, banks have serious intentions to integrate chatbots into their data management strategies.
3. Personalization. Banks are focusing on high-quality personalization and the introduction of opportunities for personalized conversations based on digital solutions [2].

That is, the introduction of chatbots helps banks improve the quality of service, as well as personalize the customer experience. The integration of these technologies allows banks to effectively manage data and optimize business processes.

One of the key market trends is the оформлення цифрової позики (issuance of digital loans). Digital lending is the future of the development of credit systems, as it is based precisely on the ability to effectively attract and serve borrowers at all stages of lending, which in turn is a key aspect of the development of banking services and their digital transformation [2].

Thanks to digital lending, banks will have the opportunity to significantly speed up the loan processing process, reducing administrative costs and ensuring convenience for their clients. The use of automated systems for assessing creditworthiness, signing documents, and providing consultations makes it possible not only to increase efficiency but also to reduce the risks of errors that often occur during manual document processing. Today, in Ukraine, several banks, such as PrivatBank and Oshchadbank, are actively implementing digital lending. For example, PrivatBank provides all its clients with conditions for obtaining a loan through a mobile application or online banking without the need for physical presence in a branch. This makes it possible not only to significantly speed up the lending process but also to make it more accessible to all clients.

In addition, the modern online bank (without any branches at all) – monobank – also offers completely digital loans, where the entire procedure – from submitting an application to receiving funds – takes place through a special mobile application without the need to contact a bank branch. Such an innovation opens up great opportunities for small and medium-sized businesses, which can receive funding in a short period of time, as well as for citizens seeking instant access to financial services.

The prospects for the development of digitalization in the banking sector seem very promising. Every year, banks are increasingly integrating innovative technologies that make it possible to optimize internal processes, improve customer experience, and reduce costs. In particular, the introduction of artificial intelligence and automated systems for processing loan applications significantly enhances the efficiency and speed of service delivery. Given that more and more clients prefer digital channels for managing finances, banks have the opportunity to create personalized products and services that meet the individual needs of clients. In the future, digital innovations will not only radically change the way banking services are provided but will also open up prospects for the development of financial technologies, which will ensure a flexible and adapted banking system for every user. So, the digitalization of the banking system is a process that has already been launched and will increasingly develop and reach a new level every year.

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THE DOUBLE-EDGED SWORD: ONLINE TRANSLATION TOOLS AND THE QUEST FOR ACCURACY

In an increasingly interconnected world, the rapid development of technology has positioned online translation tools as indispensable facilitators of global communication. Platforms like Google Translate and DeepL have democratized cross-linguistic interactions, offering instant access to translations for a vast user base. However, the inherent accuracy of these tools remains a complex and evolving subject, sparking ongoing debate among linguists and users alike. This paper delves into the multifaceted impact of online translation tools on language accuracy, exploring their undeniable benefits alongside their persistent limitations in capturing the full spectrum of human expression.

At their core, online translation tools leverage the power of artificial intelligence and sophisticated neural networks to continually refine their translation capabilities. Their advantages are readily apparent: they provide unparalleled convenience, operate with remarkable speed, and offer accessibility to anyone with an internet connection. This has undeniably lowered barriers to understanding and fostered communication across diverse linguistic landscapes. Yet, the very nature of language – its intricate web of context, idiomatic expressions, and deeply ingrained cultural nuances – presents a significant hurdle for even the most advanced algorithms. These subtleties often escape the grasp of automated systems, leading to translations that, while perhaps grammatically correct on the surface, can subtly or drastically misrepresent the original intent. Furthermore, the fundamental differences in grammatical structures between various language families pose enduring challenges for the logic-driven processes of machine translation.

A primary area of concern lies in the struggle of online translation tools to accurately convey meaning when dealing with languages possessing divergent syntactic frameworks. Slavic languages, such as Ukrainian, with their rich system of grammatical cases that dictate word order and relationships, serve as a compelling example. AI-powered translators frequently encounter difficulties in correctly interpreting these complex case systems, resulting in awkward or erroneous sentence constructions that can obscure the original message. This highlights the inherent limitations of rule-based or even statistically driven systems in fully grasping the fluid and often implicit logic of human grammar.

The dynamic and organic nature of language also presents a persistent challenge. Languages are not static entities; they constantly evolve, giving rise to new slang, colloquialisms, and idiomatic expressions. Automated translation tools, relying on vast but ultimately historical datasets, often struggle to keep pace with these rapid linguistic shifts.

This can lead to translations that sound outdated, unnatural, or simply incorrect when dealing with contemporary language use. Moreover, the specialized vocabularies prevalent in professional domains such as law, medicine, or engineering demand a level of terminological precision that machine translation frequently lacks, potentially leading to critical misunderstandings.

Despite these acknowledged limitations, the field of online translation technology is in a state of continuous advancement. Developers are actively integrating increasingly sophisticated deep learning models, which allow for more nuanced pattern recognition and contextual understanding. Furthermore, the incorporation of user feedback mechanisms provides valuable real-world data for ongoing improvement and error correction. The trajectory of translation technology suggests a potential future dominated by hybrid systems, where the speed and scalability of AI are strategically combined with the nuanced understanding and cultural sensitivity of human translators. This collaborative approach holds the promise of achieving translations that are not only accurate but also culturally relevant and contextually appropriate.

In conclusion, while online translation tools stand as invaluable assets in our increasingly interconnected world, their current capabilities are far from flawless. Their effectiveness in accurately conveying meaning remains heavily dependent on the inherent complexity of the languages involved and the specific context of the communication. Although they have undeniably facilitated global interaction on an unprecedented scale, the expertise of human translators remains indispensable for tasks demanding nuanced understanding and high-quality, culturally sensitive translations. The ongoing advancements in artificial intelligence and hybrid translation models offer a promising outlook for the future, suggesting that these tools will likely continue to evolve, becoming even more powerful and effective in truly breaking down the barriers of language.

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ARTIFICIAL INTELLIGENCE IN GOVERNMENT ADMINISTRATION

AI as a Tool for Effective Governance Artificial Intelligence (AI) enables governments to make more accurate, data-driven decisions. It enhances efficiency by automating routine administrative tasks, thereby reducing human error and speeding up service delivery. For example, AI can be used in managing budgets, evaluating the impact of policies in real-time, and optimizing public sector workflows. This leads to more agile and citizen-centric governance.

Public Services Automation.

AI technologies are used to streamline public services such as tax administration, licensing, and benefits distribution. Chatbots and virtual assistants help citizens access services more efficiently, often available 24/7, which significantly reduces administrative backlogs. AI also helps customize services to individual citizen needs, improving the overall quality and satisfaction of public service delivery.

Predictive Analytics in Policy Making Governments leverage AI for predictive analytics to forecast economic trends, health crises, or infrastructure needs. This helps in designing more responsive and forward-thinking policies. For instance, during the COVID-19 pandemic, AI models were used to anticipate outbreaks and allocate medical resources accordingly. Such capabilities enable better risk management and proactive governance.

AI in Law Enforcement and Security AI assists in crime prediction and surveillance, helping law enforcement agencies allocate resources more effectively. Facial recognition and pattern recognition systems are used for public safety, including identifying suspects and monitoring public areas. Additionally, AI-powered tools help analyze criminal networks, cyber threats, and cross-border activities more efficiently.

Challenges: Ethics, Privacy, and Bias Despite its advantages, the use of AI raises concerns regarding privacy, transparency, and algorithmic bias. There is a risk of reinforcing societal inequalities if AI systems are trained on biased data. Governments must implement robust ethical guidelines and ensure transparency in how AI systems are designed and used. Public trust can be fostered through clear accountability frameworks and regular auditing of AI systems. **Examples of Implementation:**

Estonia: Known as a digital government pioneer, Estonia uses AI to manage e-residency applications, automated tax filing, and digital health records.

United States: The U.S. government uses AI in the Social Security Administration to process disability claims and in immigration services to speed up application reviews.

China: Implements AI for smart city management, including traffic monitoring, pollution control, and citizen identification systems.

Ukraine: The Diia app integrates AI features for digital document management, making public services more accessible.

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