

**MANAGEMENT OF AGRICULTURAL BUSINESS IN WAR CONDITIONS:
FEATURES OF ACCOUNTING AND TAXATION**

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ABSTRACT

The publication is devoted to the development of recommendations for agricultural enterprises on the accounting of special operations to ensure the management function under martial law. The main problems of business production, which are the result of Russia's military aggression against Ukraine, are highlighted. The article summarizes the features of information support for the needs of management in martial law. The expediency of liberalizing the requirements for primary accounting for the special period is substantiated, which will allow adapting the documentation system to the specifics of organizing business processes under martial law. The main changes in the organization of labor relations and accounting for payments to employees are indicated. The procedure for taxation of charitable assistance is reflected, considering changes in the current legislation, the procedure for assessing charitable assistance, and a methodology for its accounting when providing and receiving is proposed. An algorithm for providing state assistance to small and medium-sized agricultural producers through the

compensation of the interest rate on attracted loans has been studied, and a method for accounting for such assistance has been proposed. It is singled out as a specific object of accounting, the property of enterprises, which, due to its territorial location in the zone of active hostilities, in the zone of temporary occupation or other negative factors of the influence of the war, has become unuseful. It is concluded that the procedure for determining the amount of the expected recovery of an asset and losses from reducing its applicability, which is given in NSA No 28, cannot be applied in the event of the destruction of property (full or partial) and due to other negative factors of war impact. Such an assessment procedure should be determined by the state centrally, considering current wastage and losses from lost profits in the future; the procedure for accounting for the loss of utility of such property is proposed. The possibilities of tax management of agricultural enterprises to change the taxation system under martial law have been studied and methodological modes of reflection in the accounting of calculations for a single tax of payers of the 3rd group are offered.

Keywords: *Accounting, Martial Law, Taxation, Labor Relations, Charitable Assistance, Credit, Loss of Assets Usefulness*

1. INTRODUCTION

On the morning of February 24, 2022, Ukraine began to live in a new way - in a state of war, and this was unexpected for everyone, including enterprises and entrepreneurs. From this date, martial law was declared by the President, the Chamber of Commerce and Industry of Ukraine confirmed that these circumstances from February 24, 2022 until their official end, are extraordinary, inevitable, that is, force majeure.

And in these circumstances, Ukraine now lives and works. Someone moved to other safe areas, someone left Ukraine and ended up abroad, but many enterprises and entrepreneurs did not stop their activities. Yes, to a certain extent, they have reduced volumes and capacity, but they continue to work, which ensures the vital activity of Ukraine. We propose to focus on new aspects of taxation, accounting, and reporting.

The functioning of the enterprises of the agricultural sector in the conditions of war is a guarantee of food supply for the Armed Forces of Ukraine and the civilian population, the creation of a reliable rear, the guarantee of Ukraine's victory. Today, the agricultural sector not only forms the food security of the country, economic security, and the preservation of the sovereignty of the state depend on its stable work.

According to the government, Ukraine's losses from a full-scale war against Russia exceed one trillion dollars. According to the Prime Minister of Ukraine Shmyhal (2020), these are infrastructure losses: the destruction of bridges, roads, housing, buildings, structures, amounting to about \$270 billion at the end of March. The second component is the loss of the Ukrainian economy due to the fall in gross domestic product (GDP). According to current estimates, this amount is more than 290 billion dollars. The third component of the calculations is losses because of a decrease in GDP in the future.

Our country is suffering military losses and horrendous losses of the civilian population. In the regions where the hostilities are taking place, most business structures do not function; in the rest of the territory, business has also suffered significant losses. There was an outflow of foreign investment from the national economy.

So far, agricultural exports have decreased. Ukraine is one of the key states - suppliers of food to the world market. The aggressor country blocked Ukraine's key export routes - seaports. To provide the domestic market with food during the state of war, the Government banned the export of several agricultural products, including oats, millet, buckwheat, sugar, salt, rye, cattle, meat, and by-products.

All this, of course, will have a negative impact on the economic situation and will lead to a reduction in the gross domestic product of Ukraine and, unequivocally, will lead to serious problems with the provision of food resources to many countries of the world.

Therefore, the management of agricultural enterprises faced the difficult task of reorienting their business, on the one hand, in accordance with the needs of the state and the requirements of martial law, on the other hand, to ensure efficient operation in difficult conditions. The effectiveness of managerial decisions is the quality of management information support, the basis of which is accounting information.

The purpose of the study is to develop evidence-based recommendations for agricultural enterprises on the accounting of special operations to ensure the management function in the state of martial law.

2. LITERATURE REVIEW

The economic consequences of military aggression against Ukraine are the subject of research not only by Ukrainian but also by foreign scientists.

Ivanov (2019) analyzed the experience of economic renewal and development of countries after wars. The main factors that ensured the economic success of such countries as Germany, Japan, South Korea, and Georgia are identified. Measures are considered, the consistent implementation of which will allow Ukraine to reconstruct the economy and realize its development potential.

Kravchenko (2019) explores the formation of a special sphere of activity and the sphere of the national economy, and then science - the military economy and military finance. The military economy and military finance, according to the scientist, provide the material and financial conditions for the functioning of the armed forces during war. The study outlines the theoretical provisions on the essence of the military economy and military finance and determines their impact on the world economy and the geopolitical situation. The sectoral structure of the military economy and the features of military money are studied.

The international experience of external support in countries after military conflicts is explored by Stepaniuk (2022). The author defines the necessary steps to support the economic recovery of the country after the end of hostilities. This is the creation of an Economic Recovery Fund with the attraction of international financial support, the expansion of a free trade area with the EU, the expansion of government business support programs, the effective implementation of investment projects of international organizations, the activation of monetary and fiscal incentives for investment activity, and the implementation of structural reforms.

Shevchuk and Davydenko (2022) ponder the economic consequences of the war for Ukraine, Russia, and the world community, considering various scenarios for the development of events. The authors believe that Ukraine in these circumstances should prepare for a big post-war shock with high inflation, a collapse in GDP and an acute social crisis.

Semenyshena et al. (2019, 2020, 2021) with her co-authors aim at establishing the presence of a causal relationship between the historical development of the accounting system (its modification) with management revolutions, identification of new characteristic features, and accounting functions arising from changes in management approaches and requirements.

However, the problems of information support for business management in difficult conditions of martial law today are left without the attention of scientists.

3. RESEARCH METHODOLOGY

The idea of the study is aimed at substantiating the mission of accounting as an information source to ensure the function of managing the agricultural business at both the micro and macro levels under martial law and warfare.

The research methodology is based on general scientific and specific methods. Among the general scientific methods, the dialectical approach should be mentioned. Its application allows us to trace the preconditions and trends of the economic processes taking place in Ukraine today. The application of the systematic method makes it possible to trace the influence of several factors on the information support of the management of economic processes that arise or change during military aggression.

A systematic approach allows you to analyze business processes from the standpoint of the integrity and interconnection of the main elements. To reveal and deepen the essence of the problems and challenges of information support of management under the influence of negative factors of the military state, the methods of induction and deduction, the monographic method, the method of theoretical generalization and comparison, and the concretization method were used.

The methodological foundations of accounting were studied using the graphical method and the method of causation.

Methods of extrapolation and analogy served to consider world experience in building an integrated accounting system under the influence of negative external factors. Induction-deduction methods were used to determine the general trends in the functioning of the accounting system in the conditions of force majeure in the activities of Ukrainian business.

Methods of theoretical generalization and comparison were used to reveal the essence and content of utility losses of destroyed, damaged property located in temporarily occupied territories, economic categories, and objects of accounting. Economic and statistical methods were used to analyze changes in the gross domestic product of Ukraine.

The sources of statistical information in the study are data from the State Statistics Service of Ukraine, information from the official websites of the Ministry of Economy of Ukraine, the Ministry of Agrarian Policy, and Food of Ukraine.

The information base of the study was the legislative and regulatory legal acts of Ukraine that regulate the organization and taxation of business under the martial law regime.

4. RESULTS

According to the State Statistics Service of Ukraine, the country's economy showed signs of stability by the end of 2021. Since 2016, there has been a steady growth in GDP. Real GDP in 2021 increased by 3.4% compared to 2020 (Figure 1).

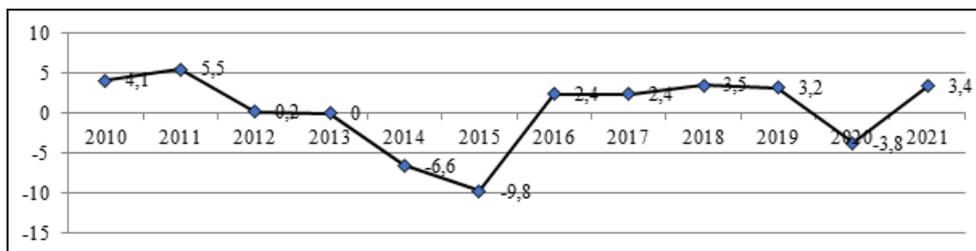


Figure 1: Changes in real GDP (in % of the previous year)

Source: State Statistics Service of Ukraine. Express issue. Gross domestic product in the I-IV quarters of 2021 and in 2021 State Statistics Service of Ukraine, 2021

The products of agriculture, forestry, fisheries, and processing industry in 2021 amounted to 21% of the country's nominal GDP (Table 1).

Table 1: Share of the agricultural sector in the formation of gross domestic product in 2021

Indicators	Actual prices (nominal GDP)		Constant prices 2016, % to the previous year	
	hryvnia mln	% to total	volume change	deflator change
Gross domestic product	5459574	100,0	3,4	25,1
Gross value added:				
Agriculture, forestry and fisheries	580519	10,6	14,4	29,0
Processing industry	562471	10,3	2,3	28,9

Source: State Statistics Service of Ukraine. Express issue. Gross domestic product in the I-IV quarters of 2021 and in 2021 State Statistics Service of Ukraine, 2021

At the end of 2021, agriculture showed the highest increase in production. Real GDP in agriculture in 2021 compared to 2020 increased by 14.4%, in the processing industry - by 2.3%.

As a result, agriculture, forestry, and fisheries in 2021 gave the highest percentage of GDP among all sectors of the economy - 10.6% (State Statistics Service of Ukraine, 2021).

Ukraine ranks fifth in the world in wheat exports, fourth in corn exports, third in barley sales, and first in sunflower oil. Our state occupies a leading position in the world in the production of rapeseed, peas, millet, nuts, wheat flour, honey, and other agricultural products. The products of the agricultural sector account for the largest share of Ukraine's total exports (about 41%).

Russia's aggression has radically changed the economy of our state. The forecast for a decline in GDP in the first quarter of 2022, according to the Ministry of Economy of Ukraine, is 16%, and the annual decline could reach 40%. Those industries where remote work is not possible, including agriculture, have been hit the hardest.

The activity of agricultural enterprises in the conditions of war and martial law has become much more complicated. Several problems arose that business entities did not encounter under normal conditions of carrying out activities. It is almost impossible to conduct an agricultural business in the temporarily occupied territories, but if the enterprise is in a territory where there are no active hostilities, the main problems are as follows:

- complicated logistical support of the sowing campaign (fuel, seed material, fertilizers, plant protection products, etc.) and production activities in animal husbandry (feed, animal protection products);
- due to disrupted logistics, the marketing of manufactured products is much more complicated (especially products with a short shelf life);
- general mobilization leads to an outflow of personnel, and equipment registered with the military may be withdrawn for military needs;
- some production facilities and infrastructure as a result of hostilities may be damaged, destroyed, or their intended use is impossible or impractical;
- state spending on military, humanitarian, social needs, and the elimination of the consequences of aggression has increased significantly, which entails changes in the system of business taxation.

To improve the economic situation and support businesses located in the zone of active hostilities and other dangerous or potentially dangerous territories, the government of Ukraine is implementing a program to evacuate private enterprises to relatively safe regions. State assistance for business relocation is provided to strategically important enterprises and enterprises engaged in the production of food and other essential goods.

These include all agricultural and processing enterprises because it is they who carry out the mission of providing food for the needs of the civilian population, military, and territorial defense fighters. However, due to the specific nature of the activity, which involves the use of land as the main means of labor, agricultural enterprises cannot take advantage of

this program and are forced to either stop functioning or continue it under the current conditions.

In this study, we will focus on the accounting reflection of the unprecedented operations of the activities of agricultural enterprises that are taking place today because of Russia's military aggression.

Let's start with the documentary display of transactions. Primary observation is the only basis for the formation of information used for management purposes at different levels. Documentation of business transactions should be continuous and ongoing. That is, in today's difficult conditions of activity, for information support in making managerial decisions, it is important to maintain continuous documentation of all business operations without exception.

The Ministry of Agrarian Policy and Food of Ukraine provided an explanation on the possible forms of primary documents, where it is noted that, considering the martial law in Ukraine, in the absence of the technical ability to print a document, a business entity can send electronic settlement documents to the number or address provided by the consumer email.

In addition, the enterprise can reproduce the QR code on the display of the software registrar of settlement operations, which allows the consumer to read it and identify it with the settlement document according to the structure of the data contained in it. Given the complexity of time, it is allowed to provide consumers with settlement documents in other forms. However, these documents must contain all the required details (Website of the Ministry of Agrarian Policy and Food of Ukraine. Clarification of possible forms of settlement documents, 2022).

Mandatory details of primary documents are the name of the enterprise or institution on behalf of which the document was drawn up, the name of the document (form), the date of compilation, the content and volume of the business transaction, the unit of measurement of the business transaction (in physical and value terms), positions and names of persons responsible for the implementation of a business transaction and the correctness of its execution, a personal signature or other data that make it possible to identify a person who participated in the implementation of a business transaction.

Therefore, in the special conditions of doing business, to ensure the continuity of documentation and the formation of optimal information flows, business entities can generate primary documents both in hard and soft copies, while using both standard and arbitrary forms. Arbitrary forms of primary documents are required to contain the mandatory details defined by

the Regulation on documentary support of entries in accounting dated May 24, 1995 No. 88 (Regulations on documentary support of records in accounting, 1995).

In regions of active hostilities, maintaining personnel records is problematic or even impossible. This is caused by the loss of documents or loss of access to them, the lack of information about the whereabouts of employees, the lack of clear instructions for personnel records management in such conditions.

Decree of the President of Ukraine dated February 24, 2022 No. 69/2022, in connection with the military aggression of the Russian Federation against Ukraine, a general mobilization was announced. According to Article 119 of the Labor Code of Ukraine (hereinafter referred to as the Labor Code), for the period of performance of state or public duties, if under the current legislation of Ukraine these duties can be carried out during working hours, employees are guaranteed to maintain their place of work (position) and average earnings.

Employees called up for military service are not subject to dismissal based on paragraph 3 of part one of Article 36 of the Labor Code but are only exempted from the performance of duties stipulated by the employment contract, drawn up by the relevant order (instruction) of the employer (Code of Labor Laws of Ukraine, 1971).

The basis for maintaining the place of work, position, and average earnings of an employee of an enterprise, including an agricultural one (regardless of the organizational and legal status of a business entity and its form of ownership), is the very fact of accepting an employee for military service.

Given the specifics of service in territorial defense, which may involve not permanent, but periodic involvement of an employee in the performance of his duties, according to the explanation of the Ministry of Economy of Ukraine, the employer does not have to issue an order to dismiss the employee from performing work under an employment contract. In each specific case, one should proceed from the level of involvement of the employee in participation in territorial defense, the amount of working time that the employee spends on this activity and the efficiency and ability to fulfill his duties under an employment contract.

At the same time, while the employees are fulfilling their duties for territorial defense during working hours, they are guaranteed the preservation of their place of work (position) and average earnings. The document confirming participation in territorial defense is the

contract of a volunteer of territorial defense (Ministry of Economy of Ukraine: Information on the sphere of labor relations in martial law, 2022).

Features of the organization of labor and labor relations between employers and employees in times of war are regulated by the Law of Ukraine "On the organization of labor relations in conditions of martial law" dated March 15, 2022 No. 2136-IX (Website of the Ministry of Agrarian Policy and Food of Ukraine. Ukraine has enough reserves of products for consumption, 2022).

According to the norms of this law, in order to promptly attract new employees to work, as well as eliminate the shortage of personnel and labor shortages, including as a result of the actual absence of employees who evacuated to another area, are on vacation, downtime, temporarily lost their ability to work or location temporarily unknown, employers may conclude fixed-term employment contracts with new employees during the period of martial law or for the period of replacement of a temporarily absent employee.

In the first days of the war, most agricultural producers supplied food, fuel from their own stocks, provided equipment for the needs of the Armed Forces of Ukraine, territorial defense, and the civilian population free of charge. To ensure the life of a business, it must function on the principles of a market economy. However, charitable assistance continues to be provided by agricultural business structures today. On the other hand, agricultural enterprises themselves need help in logistical support of their activities and, above all, in ensuring the sowing campaign.

According to the latest data from the government of Ukraine, the sowing campaign this year can be carried out on 6 million hectares, which is 80% of the area that was sown last year.

The Ministry of Agrarian Policy and Food of Ukraine reports that as of March 12, 2022, mineral fertilizers were purchased by 80%, seeds - by 75%, plant protection products - by 55%. Fuel is planned to be obtained by debugging transportation, changing directions. The Ministry monitors the needs of agricultural producers in these resources and organizes their supply, including through charitable assistance (Website of the Ministry of Agrarian Policy and Food of Ukraine. Ukraine has enough reserves of products for consumption, 2022).

In peacetime, operations to provide and receive charitable assistance were very rare. However, today for agricultural enterprises they are the norm rather than the exception. How,

considering changes in legislation, taxation and accounting for charitable assistance is carried out, we will assume further.

In accordance with paragraph 33 of subsection 4 of section XX of the Tax Code of Ukraine (hereinafter referred to as the TCU), there is temporarily no adjustment of the financial result before taxation for the amounts of funds or the cost of special personal protective equipment (helmets, bulletproof vests manufactured in accordance with military standards), technical means surveillance, medicines and medical devices, personal hygiene products, food, clothing items, as well as other goods, work performed, services rendered according to the list determined by the Cabinet of Ministers of Ukraine, which are voluntarily passed (transferred) to the Armed Forces of Ukraine, the National Guard of Ukraine, the Security Service of Ukraine, the Foreign Intelligence Service of Ukraine, the State Border Service of Ukraine, the Ministry of Internal Affairs of Ukraine, the State Guard Department of Ukraine, the State Service for Special Communications and Information Protection of Ukraine, and others formed in accordance with the Laws of Ukraine by military units, their formations, subdivisions, institutions or organizations maintained at the expense of the state budget (Some issues of receipt, use, accounting and reporting of charitable assistance: Resolution of the Cabinet of Ministers of Ukraine, 2022).

Thus, enterprises that are payers of income tax can attribute the full cost of charitable assistance (monetary and commodity), which was transferred to the needs of state defense, to operating expenses that reduce the taxable financial result.

According to the requirements of the Tax Code, the provision of charitable assistance in the form of goods (including products of fixed assets) or services is an operation for the supply of goods/services, that is, an object of VAT (Tax Code of Ukraine, 2010). However, according to the Decree of the Cabinet of Ministers of Ukraine dated 05.03.2022 No. 202, it was established that under martial law, the requirements established by law for the receipt, use, accounting, and reporting of charitable assistance from legal entities and individuals - residents and non-residents do not apply (Tax Code of Ukraine, 2010).

This means that not only financial, but also charitable assistance under martial law is not subject to VAT.

When providing commodity charitable assistance, it should be issued an invoice and reflected in the accounting as other operating expenses, writing off the transferred material

assets at book value. In the system of accounts, these transactions should be reflected in the debit of account 949 “Other operating expenses” and the credit of accounts 20 “Inventory”, 26 “Finished products”, 27 “Agricultural products”, 28 “Goods”, etc. (depending on the type of material values that were donated as charitable assistance).

Upon receipt of seeds, planting material, fertilizers, plant or animal protection products, fuel, fixed assets free of charge, they should be credited, assessed according to the methodology provided for by the relevant accounting standards (depending on the type of received material assets) (Table 2).

Accounting for the receipt of charitable assistance is recorded on account 48 "Targeted financing and targeted receipts", on sub-account 483 "Charity assistance", which records the receipt and use of funds (goods, works, services) of charitable assistance, which, according to the law, is exempt from value added tax.

Table 2: The procedure for assessing the received charitable assistance

Type of material assets received as charitable assistance	Regulatory act according to which the assessment is carried out	Evaluation procedure
1	2	3
Production stocks (fuel, lubricants, seeds, planting material, feed, plant and animal protection products, mineral fertilizers, etc.)	National accounting regulation (standard) No. 9 “Stocks”	By the initial cost of stocks received by the enterprise free of charge is recognized their fair value considering the costs provided for in paragraph 9 of this National Regulation (standard). Such expenses include transportation and procurement expenses (expenses for the procurement of stocks, payment of tariffs (freight) for loading and unloading operations and transportation of stocks by all modes of transport to the place of their use, including expenses for insurance of stock transportation risks); other costs directly related to the acquisition of stocks and bringing them to a state in which they are suitable for use for the intended purposes.
Fixed assets (agricultural machinery, road transport, etc.)	National accounting regulation (standard) No. 7 “Fixed assets”	The initial cost of fixed assets received free of charge is equal to their fair value as of the date of receipt, considering the costs provided for in paragraph 8 of the National Regulation (standard) No. 7. Such expenses include registration meeting; expenses for insurance of risks of delivery of fixed assets; expenses for transportation, installation, installation, adjustment of fixed assets; other costs directly related to bringing fixed assets to a state in which they are suitable for use for the planned purposes.

Source: formed by the authors based on National Regulation (Standard) of Accounting №9 "Inventories" (1999), National Regulation (Standard) of Accounting №7 «Fixed Assets» (2000)

The accounting reflection of the received and rendered charitable assistance in the system of accounting accounts is presented in Table. 3.

Table 3: Correspondence of accounts for accounting for charitable assistance

№	Content of a business transaction	Account correspondence	
		Debit	Debit
1	Transfer of financial and material resources as charitable assistance	949	301, 311, 10, 20, 27 та ін.
2	Attribution of expenses associated with the transfer of charitable assistance to financial results	791	949
3	Charitable assistance received (seeds, planting material, fertilizers, plant or animal protection products, fuel, fixed assets)	15, 20	483
4	After the use of production stocks received as charitable assistance for its intended purpose, its value is written off to income	483	718
5	Allocation of income related to receiving charitable assistance to financial results	718	791

Source: author's own development

Due to the insufficiency of their own resources for the sowing campaign in 2022, agricultural producers faced the issue of attracting credit resources. According to the estimates of the Ministry of Agrarian Policy and Food of Ukraine, the total need for funds for such work is about UAH 100 billion. The Government adopted a resolution “On Amendments to Certain Acts of the Cabinet of Ministers of Ukraine on Providing Credit Support to Agricultural Producers” (On Amendments to Certain Acts of the Cabinet of Ministers of Ukraine Concerning the Provision of Credit Support to Agricultural Producers, 2022).

According to the said Decree, small and medium-sized agricultural producers whose income for the past year does not exceed 20 million euros and have less than 10,000 hectares of agricultural land in use eligible for a short-term loan in the amount of up to UAH 50 million on preferential terms. For such loans, the state provides full compensation of the interest rate for the period of martial law or until the expiration of the loan period.

Reimbursement by the state of credit interest when banks provide loans to agricultural producers is considered targeted financing in accounting. When reflecting these transactions in the accounting system of agricultural enterprises, we propose to open a sub-account 485 "Budget reimbursement of interest on a loan" as part of a synthetic account 48 "Target financing and targeted revenues". Correspondence of accounts for the reflection of concessional lending to agricultural enterprises under martial law is shown in table 4.

Table 4: Correspondence of accounts for accounting for interest compensation for the loan

№	Content of a business transaction	Account correspondence	
		Debit	Credit
1	A short-term loan was credited to the current account of the enterprise under the program of credit support for agricultural producers	311	601
2	Interest charged on loans	951	684
3	For the amount of reimbursement of bank interest	684	485
4	Displaying the use of earmarked funding amounts	485	718
5	Attribution of income related to the reimbursement of interest for the use of a loan to financial results	718	791
6	Attribution of expenses associated with the accrual of bank interest to financial results	791	951

Source: author's own development (National Regulation (Standard) of Accounting № 28 «Decrease in usefulness of assets», 2004)

Another specific object of accounting was the property of enterprises, which, due to its territorial location in the zone of active hostilities, in the zone of temporary occupation or other negative factors of the influence of the war and related circumstances (market, economic, legal, etc.), lost its usefulness. However, such assets may be destroyed, partially destroyed, or remain intact. Due to the impossibility of their further use or the use of such property for other purposes, business entities incur losses.

Loss from asset impairment is the amount by which the book (residual) value of an asset exceeds the amount of its expected recovery (Ivanov, 2019). Signs of decreasing the usefulness of assets in accordance with paragraph 6. National accounting regulations (standard) No. 28 are as follows (Figure 2).

It is precisely the events that are the result of Russian aggression that often lead to a decrease in the usefulness of the assets of enterprises due to physical damage, negative changes in the market, economic, legal environment in which the business operates, or the use of the asset for other purposes.

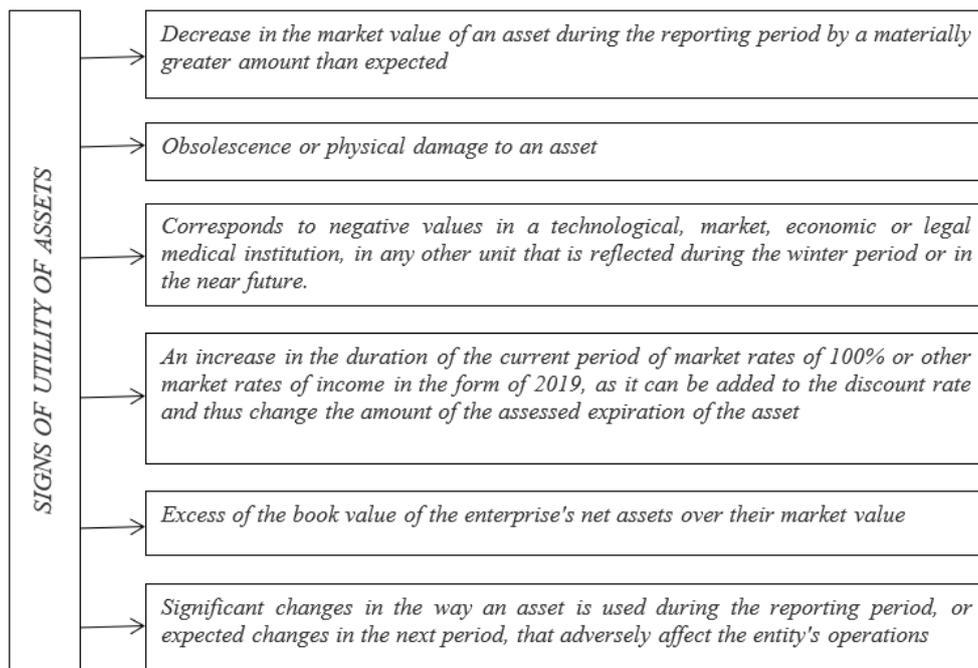


Figure 2: Signs of diminishing utility of non-current assets

Source: formed by the authors based on National Regulation (Standard) of Accounting №28 «Decrease in usefulness of assets» (2022)

When establishing the fact of reducing the usefulness of an asset based on the given signs, the enterprise must determine the amount of its expected compensation. The methodology for calculating the amount of losses from depreciation of assets and the amount of expected recovery of an asset is given in NP(S)BU No. 28. However, a certain procedure for assessing losses from depreciation of assets, in our opinion, cannot be used in the event of destruction (complete or partial) and as a result of other negative factors of war influence. Such an assessment methodology should be determined by the state centrally, taking into account current losses and losses from lost profits in the future.

The initial stage of the accounting display of transactions to reduce the utility of assets is their documentation. Standard forms of such documents are not provided. Business entities should create them on their own, taking into account the requirements of the Regulation on documentary support of records in accounting on the presence of mandatory details in this document.

Primary documents are the basis for the reflection of transactions to reduce the utility of assets in the accounts. Such losses are reflected in “Other expenses” on account 97 using sub-account 972 “Losses from impairment of assets”. At the same time, the depreciation (amortization) of fixed assets or other non-current assets on the credit of account 13

“Depreciation (amortization) of non-current assets” is increased by the amount of the transaction.

After recognition of losses from impairment of the asset, the new carrying amount of the item of property, plant and equipment is reflected in accounting and financial reporting. At the same time, based on the circumstances, it is necessary to review the life of such facilities and, accordingly, the procedure for calculating depreciation on them.

NP(S)BU 28 determines that after the completion of the influence of negative factors and positive changes in the market, economic, legal environment, an enterprise must restore the value of property in accounting and reporting and reflect income from the restoration of their usefulness of assets. Signs of restoration of usefulness of property are presented in figure 3.

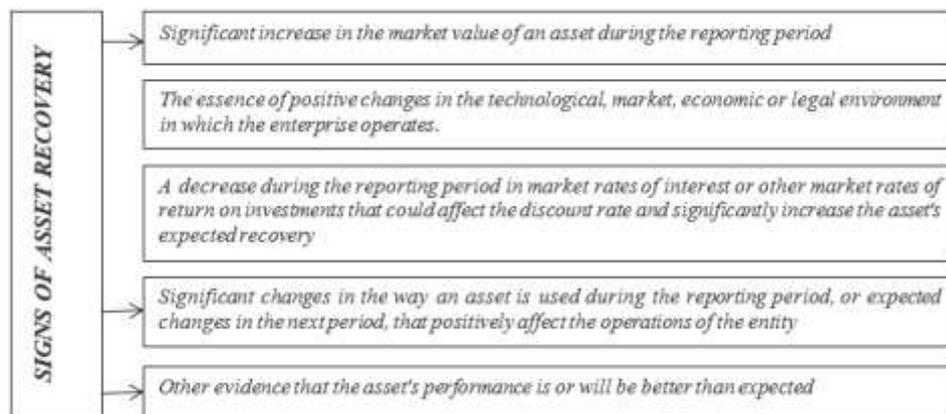


Figure 3: Signs of restoring the usefulness of non-current assets

Source: formed by the authors based on National Regulation (Standard) of Accounting №28 «Decrease in usefulness of assets» (2022)

Benefits from restoring the usefulness of an asset on the principle of matching income and expenses should be recognized as income from other activities. Assets are recorded in the accounting and financial statements at a revalued cost. Depreciation on property, after the recovery of usefulness, should be charged on the recovered cost based on the useful life, revised after the revaluation.

The benefits received from the restoration of the usefulness of assets in accounting are reflected in the debit of sub-account 13 “Depreciation (amortization) of non-current assets” and the credit of sub-account 742 “Income from the restoration of the usefulness of assets”.

The fighting on a large territory of our state and the temporary occupation of the country's regions have necessitated business support in relatively safe areas. The use of tax

levers of influence on the economy of the state, the strengthening of the regulatory function of taxes in the conditions of the military aggression of the Russian Federation became the reason for fundamental changes in the taxation system of Ukraine.

Since February 24, 2022, a number of legislative acts have been adopted that determine the tax policy of the state under martial law. The most significant changes to the Tax Code were introduced by the Law of Ukraine “On Amendments to the Tax Code of Ukraine and other legislative acts of Ukraine on the operation of norms for the period of martial law” dated March 15, 2022 No. 2120-IX (Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law, 2022).

In particular, they are amending the simplified taxation system. So, from April 1, 2022, individual entrepreneurs - single tax payers of the first and second groups, have the right not to pay a single tax.

At the same time, the declaration of the single tax payer of an individual entrepreneur is not filled in by such tax payers for the period in which the single tax is not paid. The greatest innovations relate to the taxation of single tax payers of the 3rd group, we will consider it in Table. 5.

Table 5: Changes in the taxation of single tax payers of the 3rd group

Characteristics	According to the Code (until 04/01/2022)	In accordance with the Law of Ukraine No. 2120-IX (after 04/01/2022-0)
1	2	3
Taxpayers	Payers of the single tax of the third group may be individuals - entrepreneurs and legal entities - business entities of any organizational and legal form, whose income during the calendar year does not exceed 1167 minimum wages established by law as of January 1 of the tax (reporting)) of the year (for 2022, this amount was UAH 7,585,500). There are no restrictions on the number of employees.	Single taxpayers of the third group can be individuals - entrepreneurs and legal entities - business entities of any organizational and legal form, whose income during the calendar year does not exceed UAH 10 billion. There are no restrictions on the number of employees
Single taxpayers of the third group cannot be	Business entities (legal entities and individuals - entrepreneurs) that carry out: 1) organizing and conducting gambling, lotteries (except for the distribution of lotteries), bets (bookmaker bets, totalizator bets); 2) foreign currency exchange; 3) production, export, import, sale of excisable goods (except for the retail sale of fuels and lubricants in containers up to 20 liters and the activities of individuals related to the retail sale	1) business entities that carry out: - activities related to the organization, conduct of gambling, lotteries (except for the distribution of lotteries), papi (bookmaker's bet, papi of a totalizator); - foreign currency exchange; - production, export, import, sale of excisable goods; - extraction, sale of minerals; 2) insurance (reinsurance) brokers,

	<p>of beer, cider, peri (without the addition of alcohol) and table wines);</p> <p>4) extraction, production, sale of precious metals and precious stones, including organogenic formation (except for the production, supply, sale (sale) of jewelry and household products from precious metals, precious stones, precious stones of organogenic formation and semiprecious stones);</p> <p>5) extraction, sale of minerals, except for the sale of minerals of local importance;</p> <p>6) activities in the field of financial intermediation, except for activities in the field of insurance carried out by insurance agents;</p> <p>7) enterprise management activities;</p> <p>8) activity in the sale of objects of art and antiques, activities in the organization of trades (auctions) in works of art, collectibles or antiques;</p> <p>9) activities for organizing, conducting tour events.</p>	<p>banks, credit unions, pawnshops, leasing companies, trust companies, insurance companies, funded pension institutions, investment funds and other financial institutions specified by law; securities registrars;</p> <p>3) representative offices, branches, departments and other separate subdivisions of a legal entity that is not a single tax payer;</p> <p>4) individuals and legal entities - non-residents.</p>
Tax rates	3% and 5% income	2% of income
Single taxpayers are exempt from	Corporate income tax	Value Added Tax, Corporate Income Tax
Tax (reporting) period	Quarter	Calendar Month

Source: formed by the author based on Source: Tax Code of Ukraine (2010), Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law (2022)

Agricultural enterprises - single taxpayers of the 4th group, as well as other economic entities, can re-register for the use of the special regime as tax payers of the 3rd group. When calculating the single tax of the 4th group, business entities attributed its amount to general production expenses, and after distribution, they included it in the cost of production. However, the unified tax of group 3 according to domestic accounting practice is reflected in administrative expenses.

At the same time, obligations to the budget for taxes are recognized and correspondence of accounts is compiled for the debit of account 92 “Administrative expenses” and the credit of sub-account 641 “Tax settlements”. Since the tax base for a single tax of the 3rd group is income, it is logical, when accounting for its accrual, not to increase the amount of expenses, but to reduce the amount of income of the corresponding type of activity (main, other operating, financial, investment) (Table 6).

Table 6: Proposed correspondence of accounts for accounting for single taxpayers of the 3rd group

№	Content of a business transaction	Content of a business transaction	
		Debit	Credit
1	Reflected income from the sale of products, goods, works (services)	36	70
2	A single tax is charged on the income of the main activity	70	641
3	Reflected income from other operating activities	31, 37, 36, 48, 63 et al.	71
4	Accrued single tax on income from other operating activities	71	641
5	Reflected income from financial transactions	14, 373	72, 73
6	A single tax is charged on income from financial transactions	72, 73	641
7	Reflected income from investment and other activities	10, 13, 20, 36, 37, 42, 63 et al.	74
8	A single tax has been charged on income from investment and other activities	74	641

Source: compiled by the authors

Taxpayers have the right to apply for a simplified tax system at any time during martial law. If an enterprise submits an application after 04/01/2022, then it becomes a single taxpayer of group 3 from the next business day after the application is submitted (Law of Ukraine On Amendments to the Tax Code of Ukraine and Other Legislative Acts of Ukraine Concerning the Effect of Norms for the Period of Martial Law, 2022).

However, as practice shows, domestic enterprises are in no hurry to use the right to switch to a simplified taxation system. After all, the taxation of income causes the payment of tax even by enterprises in which the activity is unprofitable. The economic situation in the country causes a significant increase in the amount of expenses of economic activity and an increase in the risks of reducing its efficiency. Businesses suffer losses, and in fact, paying a tax of 2% of income is a significant tax burden.

5. CONCLUSION

In view of the fundamental changes in the economic, market, and legal environment for the functioning of business structures caused by the military aggression of the Russian Federation, the article summarizes the features of information support for the needs of management under martial law.

Today's features of the organization of business processes necessitate the adaptation of their documentation to ensure continuous accounting and the formation of optimal information flows.

The expediency of liberalizing the requirements for primary accounting for the period of the legal regime of martial law is substantiated. The main changes in the organization of labor relations and accounting for payments to employees are indicated. The procedure for taxation is considered and a methodology for accounting for charitable assistance, a methodology for accounting for state assistance to agricultural producers by compensating interest for attracting credit resources is proposed.

The property of enterprises is singled out as a specific object of accounting, which, due to its territorial location in the zone of active hostilities, in the zone of temporary occupation or other negative factors of the influence of the war, has lost its usefulness.

The procedure for accounting for the loss of utility of such property is proposed. Changes in tax legislation and the taxation system are aimed at strengthening the regulatory function of taxes, aimed at activating the Ukrainian economy and supporting business. Proposed methodological methods of reflection in the accounting of calculations for a single tax of payers of the 3rd group.

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