

Fiscal frameworks in the 21st century. Critical discussion of fiscal policy and private sector development in the recent history of Ukraine, 1991-2024

DOI: <https://doi.org/10.5281/zenodo.00000000>

Tetyana Medynska¹

Correo: tetyanamed16@gmail.com

Orcid: <https://orcid.org/0000-0002-7998-4107>

Lviv University of Trade and Economics, Lviv, Ukraine.

Vasyl Holovachko²

Correo: drvel@ukr.net

Orcid: <https://orcid.org/0000-0002-5993-0873>

Mukachevo State University, Mukachevo, Ukraine

Mariana Vykliuk³

Correo: m_vykliuk@ukr.net

Orcid: <https://orcid.org/0000-0002-6039-2515>

Ivan Franko National University of Lviv, Lviv, Ukraine

Maksym Vovk⁴

Correo: mvovk@e-u.edu.ua

Orcid: <https://orcid.org/0009-0006-5366-4697>

"European University", Kyiv, Ukraine

Abstract

Within the parameters of descriptive methodology based on data from documentary sources, the objective of this research was to analyze fiscal frameworks in the 21st century with a critical focus on fiscal policy and private sector development in Ukraine between 1991 and 2024. This analysis covers the different historical stages of the country: from its independence in 1991, to its

¹ Department of Finance, Economic Security, Banking and Insurance Business. Lviv University of Trade and Economics, Lviv, Ukraine.

² Assistant Professor of Accounting and Taxation and Marketing. Mukachevo State University, Ukraine.

³ Department of Management. Ivan Franko National University of Lviv, Lviv, Ukraine.

⁴ Department of economics, finance and accounting P.H.E.I. "European University", Ukraine.

current struggle to maintain national sovereignty. From this objective, three key questions emerge that this article sought to answer in its development: How have fiscal frameworks evolved in Ukraine since independence? What impact has fiscal policy had on private sector development? And what historical lessons can be drawn for other countries facing similar crises? The results obtained lead to the conclusion that, the strategic need for a just peace for Ukraine is evident from a fiscal and economic perspective, as no fiscal framework, no matter how sophisticated, can compensate for the devastating effects of a protracted war. The peace negotiations will operate under complex geopolitical interests, where external actors such as the European Union, the United States and international financial organizations will play a determining role, not only in diplomatic but also in economic terms.

Keywords: fiscal policy; contemporary history of Ukraine; critical thinking; private sector, economic entity, taxing policy.

*Marcos fiscales en el siglo XXI. Discusión crítica de la política fiscal
y el desarrollo del sector privado en la historia reciente de Ucrania
1991-2024*

Resumen

En los parámetros de la metodología descriptiva con base a los datos provenientes de fuentes documentales, el objetivo de esta investigación fue analizar los marcos fiscales en el siglo XXI con un enfoque crítico en la política fiscal y el desarrollo del sector privado en Ucrania, entre 1991 y 2024. Este análisis abarca las distintas etapas históricas del país: desde su independencia en 1991, hasta su actual lucha por mantener la soberanía nacional. A partir de este objetivo, surgen tres preguntas clave que este artículo intentó responder en su desarrollo: ¿Cómo han evolucionado los marcos fiscales en Ucrania desde su independencia? ¿Qué impacto ha tenido la política fiscal en el desarrollo del sector privado? Y ¿Qué lecciones históricas se pueden extraer para otros países que enfrentan crisis similares? Los resultados obtenidos permiten concluir que, la necesidad estratégica de una paz justa para Ucrania resulta evidente desde la perspectiva fiscal y económica, pues ningún marco fiscal, por sofisticado que sea, puede compensar los devastadores efectos de una guerra prolongada. Las negociaciones de paz operarán bajo intereses geopolíticos complejos, donde actores externos

como la Unión Europea, Estados Unidos y organismos financieros internacionales jugarán un papel determinante, no solo en términos diplomáticos sino también económicos.

Palabras clave: política fiscal; historia contemporánea de Ucrania; pensamiento crítico; sector privado; entidad económica; política tributaria.

Introduction

Fiscal frameworks are legal and regulatory structures that establish rules and principles for the management of public finances, seeking to guarantee fiscal sustainability, administrative transparency and accountability (open government) always and places. Beyond the particularities of each country, these frameworks include policies related to revenues, expenditures, and public debt, and are essential to avoid economic imbalances that could compromise the development of countries, as Stiglitz (2015) states. In the twenty-first century, fiscal frameworks have become more relevant due to the strategic need to respond appropriately to global economic crises, such as the 2008 recession and the economic effects of the COVID-19 pandemic. For the International Monetary Fund:

Fiscal policy influences the economy through government spending and taxation, typically to promote strong and sustainable growth and reduce poverty. The role and objectives of fiscal policy gained prominence during the global economic crisis, when many governments stepped in to support financial systems, jump-start growth, and protect vulnerable groups from the impact of the crisis. In a communiqué following their London summit in April 2009, leaders of the Group of 20 industrial and emerging market economies announced that they were undertaking “unprecedented and concerted fiscal expansion.” What did they mean by fiscal expansion? And, more generally, how can fiscal tools boost the world economy? (International Monetary Fund, 2024, p. 36)

As indicated above, fiscal policies in general are the material basis for State financing, because they allow resources to be mobilized for public investment, basic services guaranteed, and economic growth to be promoted (Ravinder, Ghirmai, & Kefela, 2000). Through taxes and public spending, governments can influence the distribution of income and mitigate social inequalities, which is why all fiscal policy responds to an ideological and ethical framework. At the same time, in contexts of crisis or armed conflicts, such as in Ukraine, these policies are essential to maintain economic stability and finance urgent needs such as defense or national reconstruction (Cangiano, Curristine, & Lazare, 2013). For all these reasons, these studies are relevant when looking at how fiscal frameworks can be adapted to extreme circumstances and, even more, how they contribute to sustainable development.

The main objective of this research was to analyze fiscal frameworks in the twenty-first century with a critical focus on fiscal policy and private sector development in Ukraine, between 1991 and 2024. This analysis covers the different historical stages of the country: from its independence in 1991 to its current struggle to maintain its sovereignty. From this objective, three key questions arise that this article tries to answer in its development: How have fiscal frameworks evolved in Ukraine since its independence? What impact has fiscal policy had on private sector development? And what historical lessons can be drawn for other countries facing or will face similar crises?

However, this research faces inherent limitations to its documentary and descriptive nature. The ongoing war in Ukraine makes it difficult to access up-to-date and reliable data, as well as influencing the government's fiscal decisions, which prioritizes state survival over long-term economic goals. These constraints

can skew analyses towards a more theoretical than practical perspective. Despite these limitations, this study is valuable for the future scenario of peace and national reconstruction in Ukraine. Once peace negotiations begin, sound fiscal strategies will be needed to finance economic recovery, rebuild damaged infrastructure, and foster a resilient private sector. Likewise, this knowledge could be applied in other post-conflict contexts.

According to Hussain et al., (2020), from an academic perspective, this topic opens several lines of research that should be identified from the outset, such as: analysis of public policies for post-conflict reconstruction; evaluation of fiscal reforms necessary for economic sustainability; geopolitical implications of external financing; and evaluation of the economic impact of wars on key sectors such as energy and energy; industry. Each of these lines will be addressed, in one way or another, by Ukrainian researchers already interested in the formulation of strategies and alternatives (theoretical and methodological) conducive to the reconstruction of Ukraine, within the framework of a stable and lasting peace.

This scientific article is structured in four (04) parts. The theoretical framework of the research includes, on the one hand, a general introduction to the concept of fiscal frameworks and, on the other, a historical analysis of fiscal policies in Ukraine from 1991 to the present. In the second section, the methodology used for the successful achievement of the proposed objective is presented. Then, in the third section, by way of analysis and discussion of results, a critical discussion is carried out on the impact of fiscal policy on the private sector, together with a prospective analysis of the fiscal needs for the reconstruction of Ukraine after the end of the war. Finally, the conclusions and practical recommendations that emerge from the research are presented, with the

aim of shedding light on the understanding of the coming geopolitical realities in Ukraine and in the world order.

1. Theoretical foundations

In the words of Nerlich and Heinrich (2015), fiscal frameworks are institutional structures designed to formulate and implement a given country's fiscal policy, incorporating rules, objectives, and tools that allow governments to manage their public finances sustainably. According to the International Monetary Fund, these frameworks underscore the need for high-quality information and to promote transparency and accountability to hold governments accountable for their medium- and long-term fiscal objectives, which are essential elements for the macroeconomic stability of any advanced nation (International Monetary Fund, 2024). For these reasons, the establishment of appropriate fiscal frameworks is key for developing countries, as they provide the necessary structure to manage public resources, control deficit and debt, and simultaneously create the enabling conditions for economic growth and social welfare.

In this order of ideas, the specialized economic literature (Cuadrado, 2006) identifies various models of fiscal frameworks that have evolved in response to different economic and political contexts. Among the most relevant theoretical approaches are numerical fiscal rules, medium-term spending frameworks, and independent fiscal councils, each with characteristics adaptable to Ukraine's specific needs.

According to Mazower (2020), in the context of the construction of modern states in Europe, these fiscal frameworks have historically been decisive, as indicated by the Spanish experience of the nineteenth century, where direct

contribution played a decisive role in the transition from absolute monarchy to a Liberal State, a process that has certain parallels with contemporary political transitions (Bertrand & Moutoukias, 2018). However, effective fiscal frameworks must define "fiscal rules to respond to specific national problems" and develop monitoring tools to assess the performance of policies implemented at the local, regional, and national levels.

As in most of the former republics that made up the USSR, Ukraine's fiscal history since its independence in 1991 is marked by the complex transition from a Soviet planned-centralized economic system to a market economy (Mazower, 2020). The first decade after independence was characterized by improvised fiscal reforms during a severe economic crisis, with poor tax collection and a system that maintained many elements inherited from the Soviet period, including turnover taxes, widespread subsidies, and unsustainable high public spending. As Oleinikova (2019) argues, this initial period evidenced the absence of a coherent fiscal framework that could sustain the new institutions of the Ukrainian sovereign state in formation, which contributed to the hyperinflation of the mid-90s and the collapse of many productive sectors.

Starting in the 2000s, Ukraine began to implement more structured tax reforms, including the introduction of value-added tax, income tax reform, and the creation of a more modern and effective social security system. However, according to Kulyk (2018), political instability, the influence of oligarchic groups, and systemic corruption hindered the consolidation of a transparent fiscal framework. The Orange Revolution of 2004 and later the Euromaidan of 2014 represented attempts by Ukrainian organized civil society to establish a more democratic political and economic system oriented towards European standards,

with direct implications for the country's fiscal policy, especially in terms of budget transparency and social control of public spending, the so-called Social Comptroller's Office.

The conflict that began in 2014 with Russia's annexation of Crimea and the war in Donbas, followed by the full-scale invasion of 2022, have radically transformed Ukraine's fiscal priorities, orienting them towards national defense and the survival of the state itself, as reported by BBC News Mundo (2022). This difficult national situation has led to a significant increase in military spending, dependence on international aid and emergency loans, as well as the implementation of exceptional fiscal measures to maintain the basic functioning of the economy. According to historical data from the International Monetary Fund (2023), the war has destroyed approximately 30% of the country's infrastructure and caused a severe economic contraction, dramatically limiting the Ukrainian state's collection capacity and creating, at the same time, an extremely complicated fiscal context that will require decades of reconstruction and adjustment.

For post-war reconstruction, Ukraine will need to adopt a progressive fiscal framework oriented towards sustainable development, in accordance with the parameters of the United Nations (2022), inspired by models such as those recommended by the World Bank, which emphasize the importance of establishing a medium-term budget (consolidation or stimulus) while limiting recession risks and respecting economic sustainability.

This pragmatic and realistic fiscal approach must include in this context a tax reform that broadens the tax base while reducing the burden on key productive sectors, digitized systems to reduce tax evasion, and transparent budget

management mechanisms that generate confidence in international investors and global financial institutions (Cuadrado, 2006). In addition, it will be very useful to establish independent institutions of fiscal oversight that guarantee the fulfillment of long-term economic objectives and prevent the capture of the State by oligarchic interests.

For the authors of this research, the success of Ukrainian reconstruction will also depend on the ability to integrate its fiscal framework with international and European standards, thus facilitating access to global markets and attracting foreign direct investment. Following the principles of results democracy adapted to the economic sphere (Ravinder, Ghirmai, & Kefela, 2000), the process of national reconstruction should be characterized by transparency, accountability and open access to fiscal and economic data that allow the progress of the reforms implemented to be evaluated.

The experience of other post-conflict countries suggests that the most effective fiscal frameworks are those that combine flexibility to respond to emerging needs with clear rules that ensure long-term fiscal discipline, thus establishing the objective and subjective conditions for, as The World Bank (2008) suggests, to promote sustainable economic growth that benefits the entire population and rebuilds not only the material infrastructure but also, and this is most importantly, the social contract between the Ukrainian state and its citizens.

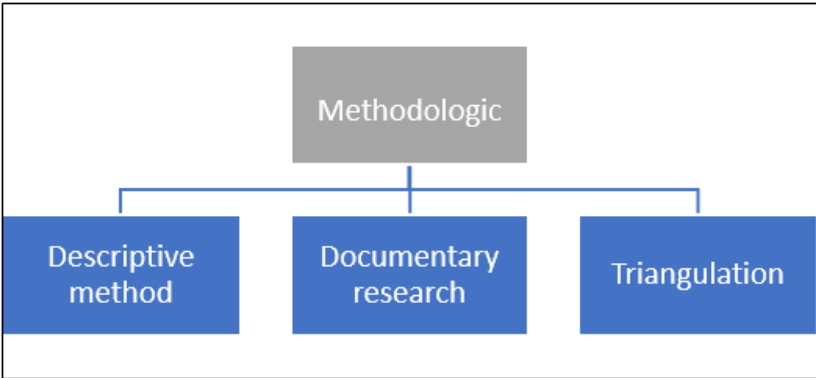
2. Methodology

In the words of Manjunatha (2019), the descriptive methodology is a coherent approach when it comes to analyzing the fiscal frameworks in Ukraine, from 1991 to 2024, as it allows for a precise examination of the structural elements

of the tax system and its historical evolution. The purpose of this type of research is to accurately describe the event under study and is characterized by detailing the specific qualities of complex phenomena such as the post-Soviet Ukrainian fiscal transformation.

In the context of fiscal policies, the descriptive methodology allows us to assess the meaning of the resources allocated to different economic sectors and to describe the collection mechanisms implemented during the different administrations. For Pandey and Mishra (2015), the descriptive approach is particularly valuable to examine how Ukrainian fiscal institutions have responded to successive crises, from the post-Soviet transition in the late twentieth century, to the current war, allowing the identification of significant patterns and trends in the management of public finances in the process.

Table 1. Methodological bases of the research



Source: prepared by the authors (2025)

This research is developed from a documentary base, taking advantage of the growing open knowledge movement that facilitates access to relevant academic information on fiscal policies. The documentary sources were selected

following strict qualitative criteria that guarantee their scientific reliability, including academic articles published in institutional repositories that promote open access as an institutional policy.

It should be noted that this methodological approach is aligned with the principles of the Berlin Declaration on Open Access to Research Publications (Science Europe Principles on Open Access to Research Publications, 2015), allowing for greater dissemination and exploitation of previous research on fiscal development in transition economies and post-conflict contexts. More specifically, the documentary selection prioritized peer-reviewed publications, official documents of international organizations, doctoral theses available in recognized academic repositories, and specialized monographs on tax law and economic development in Eastern Europe.

The investigative process went through four clearly defined stages: initially, an exploratory phase that made it possible to identify the main fiscal milestones in Ukraine's recent history; followed by a stage of systematic compilation of primary and secondary documentary sources, related to the fiscal policies implemented between 1991 and 2024.

The third phase consisted of a detailed chronological analysis that divided the period studied into significant historical moments of the Russian-Ukrainian conflict: the post-Soviet transition (1991-2000); market-oriented reforms (2001-2013); the crisis in Crimea and the Donbas (2014-2021); and, finally, the period of open war (2022-2024). The final phase integrated the period-specific findings into a coherent interpretative framework that made it possible to assess the overall evolution of the Ukrainian tax system and its impact on the development of the

private sector, especially considering recent developments related to the peace negotiations.

In line with the parameters of qualitative research, as stated by Oranga and Matere (2023), the interpretation of documentary sources was carried out through a rigorous process of triangulation, a technique that facilitates the use of multiple hermeneutical methods for the articulation and validation of data through the crossing of two or more sources. This methodological approach made it possible to contrast three key dimensions: the objective data extracted from the selected documentary sources, the analytical perspectives of the research team with experience in post-Soviet tax systems, and the current historical context characterized by the dialectical start of the 2025 peace talks.

Following the parameters of Bans-Akutey and Tiimub (2021), in this methodological context, the triangulation process established a complex interrelationship between these elements, generating enriched interpretations of how fiscal policies have influenced Ukrainian economic development, to prospectively specify which fiscal models would be most effective for national reconstruction. This methodology was especially valuable in trying to overcome the limitations inherent in documentary analysis, in contexts of high political and economic volatility such as the current Ukrainian one.

3. Methodology

3.1. Fiscal Frameworks and Private Sector Development in Ukraine (1991-2024)

Ukraine's fiscal policy during the post-Soviet transition (1991-2000) was characterized by a deep fiscal crisis that reflected the difficulties of transforming

a planned economic system into a market one. In the words of Sutela (2012), the Ukrainian economy experienced an annual contraction between 9.7% and 22.7% between 1991 and 1996, with hyperinflation and an exceptionally large productive decline for a country not devastated by a major war. The budget deficit reached alarming levels, standing at 14.4% of GDP, while official GDP collapsed by almost half between 1990 and 1994, with a slow decline that continued throughout the decade. Economic growth would not resume until the year 2000, with a monetary system where the use of the national currency, the hryvnia, was limited, barter and the use of monetary substitutes and foreign currencies prevailed. At this historic moment it was expected that:

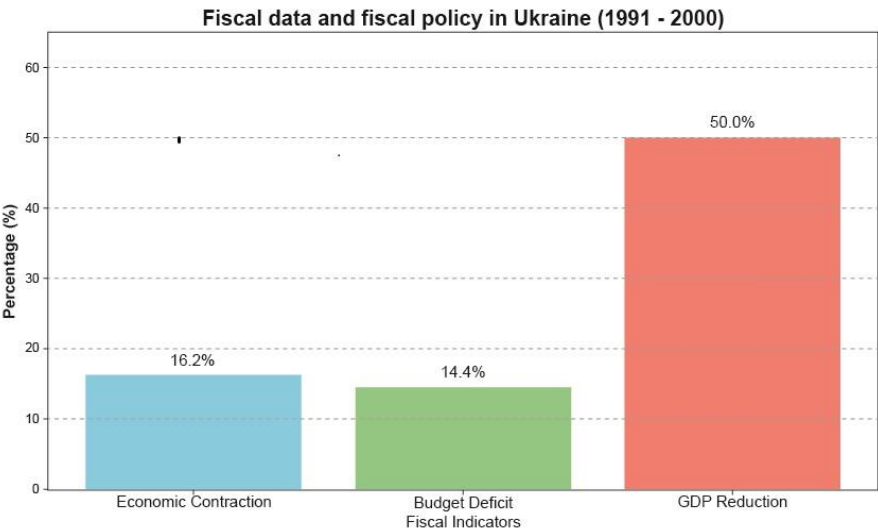
When Ukraine became independent in 1991, there were expectations that it would in the near future become a wealthy free market democracy and a full member of the European and Euro-Atlantic communities. The largest country geographically wholly European, and the fifth-biggest European nation by size of population, it was hoped, would become a member of the European Union (EU), the North Atlantic Treaty Organization (NATO), and the Organization for Economic Cooperation and Development (OECD). (Sutela, 2012, p. 1)

This initial period of independence placed Ukraine in a vicious circle that is difficult to break: political instability hindered the construction of functional administrative institutions as fiscal authorities, while achieving macroeconomic stability was not easy, a process marked by corruption. Hence the close relationship between governance, democratic governance and economic development (Sartori, 2009).

As Sutela's (2012) classic work argues, as the tax base narrowed, attempts to increase tax revenues often meant that what could be taxed was overtaxed, pushing more citizens and businesses into the shadow economy. In this historical

scenario, few consistent macroeconomic and structural policies emerged before the presidency of Leonid Kuchma (1994-1996), a period in which some attempts at macroeconomic stabilization began. The prevalence of the underground economy (black market) and the continued existence of state subsidies typical of the socialist era, open and hidden, meant that a clear demarcation between the state and a free-market economy was never clearly defined.

Table 2. Indicators of Ukraine's fiscal policy during the post-Soviet transition (1991-2000)



Source: prepared by the authors (2025)

The bar chart presented illustrates three key fiscal indicators that characterized Ukraine's fiscal policy during the post-Soviet transition (1991-2000). The average annual economic contraction, estimated at 16.2%, reflects the severe impact of the disintegration of the Soviet economic system and the difficulties of adapting to a market model. The budget deficit, which reached 14.4% of GDP, shows the challenges faced by the Ukrainian state in balancing its revenues and expenditures in a context of economic and administrative crisis.

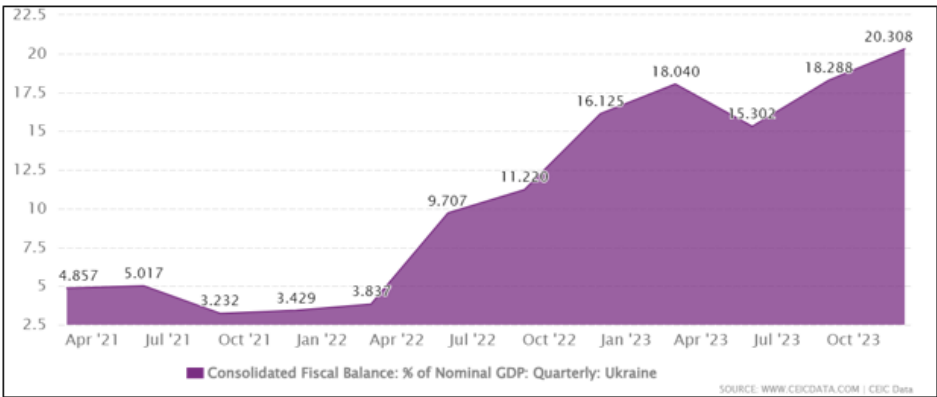
Finally, the estimated reduction in GDP by 50% highlights the magnitude of the economic collapse during this critical period.

These data underscore the structural and political constraints Ukraine faced in establishing a functional fiscal framework in the early years of its independence. The lack of strong fiscal institutions, combined with an underground economy and high levels of corruption, made it difficult to implement effective reforms. This historical context is essential to understand the foundations on which subsequent fiscal policies were built and their impact on the economic and social development of the country.

The second period (2001-2013) was marked by attempts at market-oriented reforms, although with mixed results in fiscal terms. Following the neoliberal paradigm of the Washington Consensus, Ukraine attempted to implement liberalization, stabilization, privatization, and institutional changes, but because liberalization was combined with increased corruption and the growth of the shadow economy, economic stabilization was very difficult (Williamson, 2004).

On the one hand, the ability to raise revenue remained weak; on the other, controlling subsidies and other expenditures was always politically complicated. The finance to cover fiscal gaps came partially from international financial institutions, while the central bank created inorganic money channeled through state-owned banks and others to industries and privileged households, perpetuating a system of distorted incentives (International Monetary Fund, 2023).

Table 3. “View Ukraine's Consolidated Fiscal Balance: % of GDP from Dec 2005 to Dec 2023 in the chart”



Source: (CEIC, 2024)

For authors such as Bornukova et al. (2019), during this period, the Ukrainian tax system showed a notable redistributive effect, reducing the Gini inequality index by 21 percentage points and the official incidence of poverty by 27.6 percentage points (considering all fiscal interventions, including in-kind transfers). As in many other Eastern European countries, pensions were the main contributor to the redistributive effect of fiscal policy. However, Ukraine stood out for the relatively high equalizing effect of direct transfers, with a "pro-poor" fiscal policy where the lowest income decile benefited the most. Approximately 60 per cent of the Ukrainian population were net recipients of the tax system, mainly households with two or more children (16.3 per cent of the population) and pensioners (24 per cent of the population) (Bornukova et al., 2019).

Everything indicates that the privatizations carried out during this period mainly benefited the former Soviet-era bureaucrats, while small economic units (shops, service establishments and the like) also passed into private hands, as

happened in many of the former republics of the USSR (Mazower, 2020). However, the continued prevalence of the shadow economy and state subsidies meant, again, that there was never a clear demarcation between public spending and a genuine, open economy.

Image 1. Map of Eastern Europe



Source: (Step Map, S/D)

During this decade, power structures, networks, and patterns of behavior--many inherited from Soviet administrative markets--took root. According to Kissinger (2016), several of these institutions and tendencies have proven resistant to change to the present day, confirming the observation of political scientist Francis Fukuyama (2006) that regime change from an authoritarian government

to a democratic one will not lead to success without a long, costly, laborious and difficult process of institution-building.

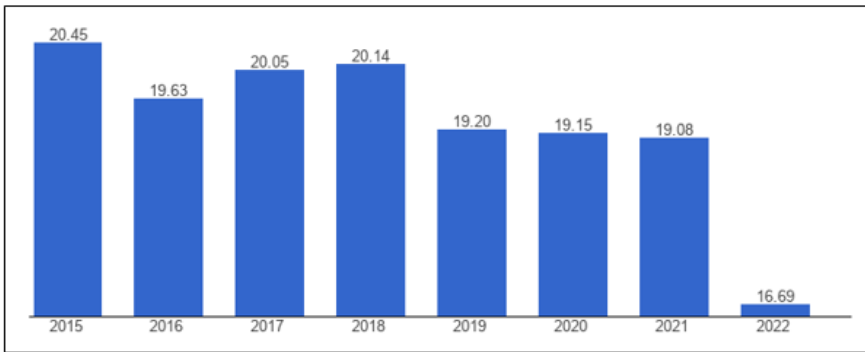
More recently, the Crimean crisis and the conflict in Donbas (2014-2021), followed by Russia's full-scale invasion of Ukraine (2022-2024), radically transformed the Ukrainian fiscal landscape. These successive crises shifted fiscal priorities toward national defense and the survival of the state, with a significant increase in military spending, increased reliance on international aid and emergency loans, as well as the implementation of exceptional fiscal measures to maintain the basic functioning of the economy.

Today, the war has destroyed approximately 30% of the country's infrastructure and has caused a severe economic contraction, dramatically limiting the Ukrainian state's collection capacity (BBC News Mundo, 2022). Budget revenues underwent significant structural changes, rising from 30.5% of GDP in 2021 to 44.5% in 2024, mainly driven by external donations that went from being virtually non-existent before the war to 9.2% of GDP in 2022 (Bornukova *et al*, 2019).

In this historical context, the impact of Ukrainian fiscal policy on private sector development has been counterproductive in many respects. For the United Nations, the persistence of state subsidies, coupled with an unpredictable regulatory and fiscal environment, has distorted incentives for private investment, while favoring politically connected sectors over genuine entrepreneurs (United Nations, 2025). The historical absence of a clear demarcation between state and market has created an environment where political connections often matter more than economic efficiency or innovation. This reality has hindered the emergence

of a dynamic and competitive private sector, with negative effects on productivity and long-term economic growth.

Table 4. Ukraine: Tax revenue⁵



Source: (The Global Economy, 2022)

Today, the fiscal needs for Ukraine's reconstruction after the end of the war will require a comprehensive view that combines domestic fiscal reforms with substantial international financial support. Thus, it will be necessary to implement a progressive fiscal framework oriented towards sustainable development, which broadens the tax base while reducing the burden on key productive sectors. The experience of other countries suggests the importance of establishing clear fiscal rules adapted to specific national problems, along with monitoring tools that allow evaluating the performance of the public policies implemented, in the fiscal and monetary domains.

⁵ “The latest value from 2022 is 16.69 percent, a decline from 19.08 percent in 2021. In comparison, the world average is 17.41 percent, based on data from 94 countries. Historically, the average for Ukraine from 1999 to 2022 is 16.59 percent. The minimum value, 11.66 percent, was reached in 2001 while the maximum of 20.45 percent was recorded in 2015” (The Global Economy, 2022, p. 1)

For the authors of this research, a redistributive tax system can make an important contribution to reducing inequality and poverty, even in adverse circumstances, as the Ukrainian experience prior to the war demonstrates. Moreover, in the digital age, the digitization of tax systems and the gradual reduction of tax rates, such as those implemented in other tax reform contexts, could be valuable strategies to improve tax collection efficiency and stimulate the private investment necessary for Ukraine's comprehensive reconstruction.

Conclusion

This conclusion seeks to integrate the results of the analysis carried out throughout the research to answer three central questions, raised since the introduction: How have fiscal frameworks evolved in Ukraine since independence? What impact has fiscal policy had on private sector development? And what historical lessons can be drawn for other countries facing or will face similar crises? The responses presented below represent the consensus reached by the authors after an exhaustive documentary analysis of academic and official sources on the Ukrainian fiscal trajectory. This reflective effort allows not only to understand the historical evolution of Ukrainian fiscal frameworks, but also to draw relevant conclusions for contexts of economic transition, armed conflicts, and national reconstruction, aspects that are valuable for both academics and public policymakers in similar scenarios.

The evolution of fiscal frameworks in Ukraine since 1991 reflects a complex transformation from Soviet structures to systems aligned with European liberal standards, marked by successive crises and incremental reforms. After independence in 1991, Ukraine experienced a decade characterized by improvised

fiscal reforms during a severe economic crisis, with poor tax collection, while maintaining elements inherited from the Soviet system (Oleinikova, 2019). Beginning in the 2000s, the country implemented more structured reforms, including the introduction of value-added tax and income tax reform, although hampered by political instability and influence by oligarchic groups with power relations.

The whole scenario becomes much more complex in the second decade of the twenty-first century. The conflict that began in 2014 and the full-scale invasion of 2022 radically transformed fiscal priorities towards national defense, increasing military spending and dependence on international aid. According to data from Bogdan (2024), budget revenues underwent significant structural changes, rising from 30.5% of GDP in 2021 to 44.5% in 2024, mainly driven by "external donations" and "charitable contributions" to the armed forces, while tax collection showed smaller fluctuations.

Overall, the impact of Ukrainian fiscal policy on private sector development has been ambivalent, with both positive and restrictive effects, especially in strategic sectors such as technology. Recent tax innovations, such as the Law "On Stimulating the Development of the Digital Economy in Ukraine" (Diia City initiative), have created, in the words of Lukianykhina *et al* (2024), a favorable tax environment for the technology sector through specific regulations that promote digital innovation.

However, the war has had devastating effects on the private sector, with approximately 30% destruction of the national infrastructure, severe economic contraction and closure of many companies (Bogdan, 2024). In this context, the government implemented a simplified taxation regime during the war, allowing

more companies to use a single tax (mainly a lump sum or 5% of turnover) instead of the general regime, to facilitate their survival (Lukianykhina et al, 2024). Except for fiscal policy, fiscal policy has also been oriented towards supporting state-owned enterprises, which have increased their transfers to the budget from 0.5% of GDP in 2021 to 1.3% in 2024, while the investment promotion strategy through privileged taxation is reviewed, seeking to implement immediate depreciation as a new approach, as Bogdan (2024) demonstrates.

Historical lessons that other countries can draw from the Ukrainian experience include the importance of building resilient fiscal systems, capable of adapting to general crises and maintaining essential functions of the state. Emphatically, the Ukrainian experience shows that the digitalization of tax systems constitutes a strategic investment to improve efficiency in the collection and management of public spending, especially valuable in crisis contexts where administrative capacity can be severely compromised (International Monetary Fund, 2023). In this crisis scenario, in economic policy, it is necessary to maintain a balance between emergency measures, such as tax exemptions to stimulate key sectors of production, together with the need to preserve a sufficient tax base to finance critical expenditures.

The Ukrainian case also underlines the vital importance of coordinated international financial aid during severe crises (international financial cooperation), having gone from being practically non-existent before the war to representing 9.2% of GDP in 2022 (Bogdan, 2024). Finally, the Ukrainian historical experience highlights how a redistributive tax system can significantly contribute to reducing inequality and poverty even in circumstances of

humanitarian crisis, as evidenced by the decrease in the Gini index by 21 percentage points thanks to fiscal interventions (Bornukova et al., 2019).

For Ukrainian fiscal policymakers, it is imperative to implement a two-pronged approach that simultaneously addresses national defense financing needs while preparing the ground for post-war reconstruction. In this transition scenario, it is advisable to continue with the implementation of the National Revenue Strategy adopted in December 2023, which seeks to increase collection through specific measures with defined timelines for reforms in tax administration, customs, and fiscal policy (BBC News Mundo, 2022).

At the same time, it is strategic to rationalize tax exemptions, improving their targeting to ensure that they benefit truly priority sectors, while maintaining temporary support measures for imports related to defense and national security. It is therefore advisable to deepen alignment with the EU *acquis Communautaire* on VAT and taxes on profits, thus facilitating European economic integration and access to global markets. Reconstruction will undoubtedly require a progressive fiscal framework aimed at sustainable development, with a tax reform that broadens the tax base while protecting key national productive sectors and establishing digitized systems that reduce tax evasion.

In this regard, the strategic need for a just peace for Ukraine is evident from a fiscal and economic perspective, as no fiscal framework, no matter how sophisticated, can offset the devastating effects of a protracted war. The peace negotiations that could begin in April 2025 will likely operate under complex geopolitical interests, where external actors such as the European Union, the United States and international financial organizations (IMF and WB) will play a decisive role, not only in diplomatic but also economic terms.

For the authors of this scientific paper, the most favorable scenario would include a Marshall Plan-style reconstruction plan, with significant contributions from international donors in the form of grants rather than loans, which would avoid a debt crisis. However, there is also the risk of a peace imposed by the hegemonic powers (Russia and the United States of America) that does not adequately address the needs of national reconstruction, which could condemn Ukraine to decades of economic stagnation and external dependence. Therefore, the form and content of these negotiations will determine whether Ukraine can implement the necessary medium-term budget for the achievement of its sustainable development (Lopushniak et al., 2024) (of consolidation or stimulus) while limiting recession risks and respecting sustainability, which is essential for its economic recovery and fiscal stability in the twenty-first century.

References

- Bans-Akutey, A., & Tiimub, B. (2021). Triangulation in Research. *Academia Letters*, (3392), 1-17. <https://doi.org/10.20935/AL3392>.
- BBC News Mundo. (26 de febrero de 2022). *Rusia y Ucrania: qué pasó en Crimea en 2014 (y por qué importa ahora)*. Obtenido de <https://www.bbc.com/mundo/noticias-internacional-60500020>
- Bertrand, M., & Moutoukias, Z. (2018). *Cambio institucional y fiscalidad. Mundo hispánico, 1760-1850*. Barcelona: Casa de Velázquez.
- Bogdan, T. (21 de December de 2024). *Ukraine's fiscal developments and needs for economic recovery, reconstruction and European integration*. Obtenido de Policy Notes and Reports 88: <https://wiiw.ac.at/ukraine-s-fiscal-developments-and-needs-for-economic-recovery-reconstruction-and-european-integration-dlp-7090.pdf>

Bornukova, K., Leshchenko, N., & Matytsin, M. (15 de December de 2019). *Fiscal Incidence in Ukraine A Commitment to Equity Analysis*. Obtenido de Policy Research Working Paper 8765 (Word Bank Group): <https://documents1.worldbank.org/curated/en/463211551809784312/pdf/WPS8765.pdf>

Cangiano, M., Curristine, T., & Lazare, M. (2013). *Public Financial Management and Its Emerging Architecture*. Washington DC: International Monetary Fund.

CEIC. (16 de march de 2024). *Ukraine Consolidated Fiscal Balance: % of GDP*. Obtenido de CEIC Data: <https://www.ceicdata.com/en/indicator/ukraine/consolidated-fiscal-balance--of-nominal-gdp>

Cuadrado, J. (2006). *Política Económica. Elaboración, objetivos e instrumentos*. Madrid: Mc Graw Hill.

Fondo Monetario Internacional. (January 6, 2023). *Cómo Ucrania está gestionando una economía de guerra*. Obtenido de <https://www.imf.org/es/News/Articles/2022/12/20/cf-how-ukraine-is-managing-a-war-economy>

Fukuyama, F. (2006). *America at the Crossroads. Democracy*. New Haven: Yale University Press.

Hussain, S., Farooq, S., Hussain, T., Ahmed, N., & Hussain, Q. (2020). An Assessment of Research Trends on Fiscal Policy. *Library Philosophy and Practice (e-journal)*, (4817), 1-12. https://digitalcommons.unl.edu/libphilprac/4817?utm_source=digitalcommons.unl.edu%2Flibphilprac%2F4817&utm_medium=PDF&utm_campaign=PDFCoverPages.

International Monetary Fund. (25 de april de 2024). *Fiscal Policy: Taking and Giving Away*. Obtenido de FMI: https://www.imf.org/external/pubs/ft/fandd/basics/pdf/horton_fiscal-policy.pdf

Kissinger, H. (2016). *Orden Mundial Reflexiones sobre el carácter de los países y el curso de la historia*. Bogotá: Debate.

- Kulyk, H. (2018). Euromaidán y la crisis política de ucrania: Antecedentes y perspectivas. *Anuari del conflicte social*, 01-25.
<https://revistes.ub.edu/index.php/ACS/article/view/ACS2019.8.3/30211>.
- Lopushniak, H., Verkhovod, I., Oleksenko, R., & Vonberg, T. (2024). Assessment of the social protection system reform in the context of achieving the sustainable development goals. *Interacción y Perspectiva: Revista de Trabajo Social*, 14 (1), 26-42.
- Lukianykhina, O., Suprunenko, S., Slavkova, A., Skorba, O., & Zavrazhnyi, K. (2024). Digital Innovations in the Fiscal Policy of Ukraine: Promoting Sustainable Economic Development. *International Journal of Economics and Financial Issues*, 14 (4), 77-86. DOI:
<https://doi.org/10.32479/ijefi.16202>.
- Manjunatha.N. (2019). Descriptive Research. *JETIR*, 6 (6), 863-867.
<https://www.jetir.org/papers/JETIR1908597.pdf>.
- Mazower, M. (2020). *Dark Continent: Europe's Twentieth Century*. London: Penguin.
- Naciones Unidas. (25 de February de 2025). *Ucrania: el coste total de la reconstrucción y recuperación será de 524.000 millones de dólares*. Obtenido de ONU: <https://news.un.org/es/story/2025/02/1536746>
- Nerlich, C., & Heinrich, W. (Oct 5, 2015). *The Deign of national fiscal frameworks*. Obtenido de European Central Bank:
<https://www.ecb.europa.eu/pub/pdf/scpwps/ecbwp1588.pdf>
- Oleinikova, O. (2019). Democratic Transition Research: From Western to Post-Soviet East European Scholarship. *Democratic Transition Research*, VI (01), 147-167. .
- Oranga, J., & Matere, A. (2023). Qualitative Research: Essence, Types and Advantages. *Open Access Library Journal*, 10 (e11001), 1-9.
<https://doi.org/10.4236/oalib.1111001>.
- Organización de Naciones Unidas. (2022). *Manual Básico sobre la Agenda 2030 para el Desarrollo Sostenible*. Montevideo: Grupo de las Naciones Unidas para el Desarrollo Sostenible.
- Pandey, P., & Mishra, M. (2015). *Research Methodology: Tools and Techniques*. Bucharest: Bridge Center.

Ravinder, R., Ghirmai, & Kefela. (2000). Restructuring a Fiscal Policy Encourages Economic Growth – A Case of Selected African Countries. *EAST-WEST Journal of ECONOMICS AND BUSINESS*, XIV (2), 23-39. <https://www.u-picardie.fr/eastwest/fichiers/art99.pdf>.

Sartori, G. (2009). *La democracia en 30 lecciones*. Bogotá: Taurus.

Science Europe Working Group on Open Access (2015). *Science Europe Principles on Open Access to Research Publications*. https://scienceeurope.org/media/4kxhtct2/se_poa_pos_statement_web_final_20150617.pdf

Step Map. (S/D). *Eastern Europe Map 3*. Obtenido de StepMap in German: <https://www.stepmap.com/map/eastern-europe-map-3-VlnVIRqKJ9>

Stiglitz, J. E. (2015). *El precio de la desigualdad El 1% de la población tiene lo que el 99% necesita*. Bogotá: Taurus.

Sutela, P. (12 de Marc de 2012). *The Underachiever Ukraine's Economy Since 1991*. Obtenido de Carnegie Endowment for International Peace: https://carnegie-production-assets.s3.amazonaws.com/static/files/files__ukraine_economy.pdf

The Global Economy. (25 de may de 2022). *Ukraine: Tax revenue*. Obtenido de https://www.theglobaleconomy.com/Ukraine/Tax_revenue/

The Word Bank. (2008). *Public Financial Manageent Rerorms in Post-conflict countries (Synthesis Report)*. Washington DC.: Public Disclosure Authorized.

Williamson, J. (2004). The Washington Consensus as Policy Prescription for Development. *Practitioners of Development (The Word Bank)*, 1-21. <https://www.piie.com/sites/default/files/publications/papers/williamson0204.pdf>.

Conflict of interest and originality declaration

As stipulated in the *Code of Ethics and Best Practices* published in *Clío Journal*, the authors, **Tetyana Medynska, Vasyl Holovachko, Mariana Vykliuk and Maksym Vovk**, declare that they have no real, potential or evident conflicts of

interest, of an academic, financial, intellectual or intellectual property nature, related to the content of the article: *Fiscal frameworks in the 21st century. Critical discussion of fiscal policy and private sector development in the recent history of Ukraine, 1991-2024*, in relation to its publication. Likewise, they declare that the work is original, has not been published partially or totally in another medium of dissemination, no ideas, formulations, citations or illustrations were used, extracted from different sources, without clearly and strictly mentioning their origin and without being duly referenced in the corresponding bibliography. They consent to the Editorial Board applying any plagiarism detection system to verify their originality.



МУКАЧІВСЬКИЙ ДЕРЖАВНИЙ УНІВЕРСИТЕТ

89600, м. Мукачево, вул. Ужгородська, 26

тел./факс +380-3131-21109

Веб-сайт університету: www.msu.edu.ua

E-mail: info@msu.edu.ua, pr@mail.msu.edu.ua

Веб-сайт Інституційного репозитарію Наукової бібліотеки МДУ: <http://dspace.msu.edu.ua:8080>

Веб-сайт Наукової бібліотеки МДУ: <http://msu.edu.ua/library/>