

HARMONIZATION OF UKRAINIAN ACCOUNTING LEGISLATION WITH EU DIRECTIVES: PROGRESS AND OBSTACLES

The integration of Ukraine into the European economic space necessitates the systematic adaptation of the national legislative framework to international standards. The relevance of this issue is driven by the signing of the Association Agreement between Ukraine and the European Union, which obliges Ukraine to harmonize its accounting and financial reporting system with EU Directives [1]. This process plays a crucial role in enhancing transparency in business activities, strengthening the investment climate, and facilitating economic cooperation with European partners.

A key stage in the harmonization process was the amendment of the Law of Ukraine “On Accounting and Financial Reporting in Ukraine”. These amendments were aimed at implementing the provisions of Directive 2013/34/EU [2, 3]. One of the most significant outcomes was the introduction of a revised classification of enterprises (micro, small, medium, and large) based on criteria such as balance sheet total, net turnover, and the average number of employees, fully aligned with the thresholds defined in the Directive [3]. This reform has simplified reporting requirements for small and medium-sized enterprises while imposing stricter disclosure and audit obligations on public-interest entities [2].

An important direction of reform is the expanded adoption of International Financial Reporting Standards (IFRS). Currently, banks, insurance companies, and large enterprises are required to prepare financial statements in accordance with IFRS, which enhances the comparability and reliability of financial information at the international level. In addition, the introduction of the Management Report represents a significant step towards integrating financial and non-financial reporting. This report provides stakeholders with a comprehensive overview of a company’s performance, risks, and development prospects, in line with EU requirements for a balanced and thorough analysis of business activities [3].

Despite the progress achieved, the harmonization process remains complex and uneven. One of the key challenges is the high cost of implementing IFRS, particularly for medium-sized enterprises transitioning from National Accounting Standards (NP(S)BO). In this context, NP(S)BO (Ukrainian Generally Accepted Accounting Principles) still require further alignment with EU Directives, especially in areas such as fair value measurement, revenue recognition, and asset and liability valuation [2]. Another critical issue is the shortage of qualified professionals capable of applying IFRS and exercising professional judgment, which directly affects the quality of financial reporting. Furthermore, the inconsistency between accounting and tax legislation creates additional administrative burdens and reduces the efficiency of practical implementation.

From an analytical perspective, the effectiveness of harmonization reforms in Ukraine can be assessed as moderate: while formal compliance with EU requirements has significantly improved, practical implementation remains constrained by institutional and economic factors. Compared to Central and Eastern European countries such as Poland

and Romania, Ukraine demonstrates slower progress in developing professional accounting infrastructure and ensuring regulatory stability [3].

In conclusion, Ukraine has made substantial progress in aligning its accounting system with EU requirements, particularly through the implementation of Directive 2013/34/EU and the expansion of IFRS application. However, achieving full harmonization requires not only legislative convergence but also the development of human capital, institutional capacity, and a stable regulatory environment. Further research should focus on evaluating the effectiveness of implemented reforms and identifying mechanisms to reduce the gap between formal adoption and practical application of European standards.

REFERENCES

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