
Specific Accounting and Taxation of Non-Profit Organisations

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Abstract. *The article examines the organisational aspects of accounting and taxation of non-profit organisations that play an important role in the social, cultural, educational and charitable spheres. The primary sources of funding for such organisations are identified, including charitable contributions, grants, sponsorship and government support. The authors emphasise the necessity of a systematic approach to accounting and tax regulation in order to ensure financial transparency and efficient use of resources. The article provides an analysis of the accounting mechanisms employed for targeted funding, encompassing charitable receipts, grants, humanitarian aid, and other forms of support. The procedure for recognising income and expenses, the methodology for documenting financial transactions, and the need to keep separate records of income from different sources of funding are considered. In the context of non-profit organisations, the distribution of income among founders or members is not a viable option. It is therefore imperative to ensure that such income is utilised exclusively in accordance with the objectives stipulated in the organisation's statutory documentation. It is important to note that particular emphasis is placed on the legal regulation of non-profit organisations in Ukraine. The author examines the legislative acts that determine the tax status of the company, as well as the accounting and financial reporting procedures. In particular, the authors examine the provisions of the Tax Code of Ukraine, the Law of Ukraine "On Public Associations", the Law of Ukraine "On Charity Work and Charitable Organisations" and other legal acts. The author conducts an analysis of the criteria for the grant of tax exemptions to non-profit organisations, as well as the consequences of the revocation of such exemptions in the event of a violation of the law. The importance of financial transparency, effective resource control, and accounting policies adapted to the particularities of the non-profit sector is emphasised. The authors emphasise the necessity to enhance the prevailing accounting standards for such organisations, particularly with regard to accounting for grants, humanitarian aid, volunteer work, and reporting to donors. Practical recommendations for enhancing the financial management of non-profit organisations are proposed, with the aim of increasing the efficiency of their operations, attracting additional resources and strengthening public trust. The resolution of the aforementioned issues, in conjunction with the integration of contemporary accounting and taxation methodologies, will empower non-profit organisations to accomplish their mission with greater efficacy, foster the advancement of the social sphere, and facilitate the attainment of sustainable socio-economic development for the populace.*

Keywords: *non-profit organisations, organisation of accounting, taxation, accounting policy, financial statements, targeted financing, charitable assistance, grants.*

JEL Classification: *H25, L31, M40*

1 Introduction

Non-profit organisations play an important role in the country's socio-economic system, performing a wide range of important social functions, including those relating to education,

culture, healthcare, charity, the environment and social protection. Unlike commercial entities, they do not aim to make a profit, and any accumulated resources are used exclusively to achieve their statutory objectives. This has an impact on the

accounting and taxation of such institutions and requires detailed research and regulatory oversight.

The accounting practices of non-profit organisations are characterised by specific features related to the absence of an entrepreneurial objective, diverse funding sources (e.g., charitable contributions, grants and budget funds) and the obligation to utilise received resources for their intended purpose. Legislative requirements for the accounting of such organisations should ensure the transparency of their financial activities, forming the basis of trust between donors, the public, and the state. Moreover, the particulars of the operations of such entities necessitate the establishment of efficacious methodologies for the documentation of income and expenses, the supervision of financial disbursements, and the adherence to regulatory stipulations.

Another salient aspect of non-profit organisations pertains to their tax status. In numerous countries, including Ukraine, such organisations can benefit from tax concessions, enabling them to allocate greater resources to socially beneficial initiatives. However, it is important to note that the acquisition and maintenance of non-profit status is contingent upon strict adherence to established criteria. These criteria encompass the targeted utilisation of resources, compliance with statutory objectives, and the regular submission of financial and tax reports. Failure to comply with these requirements may result in the loss of tax benefits and reclassification of activities as commercial, which is accompanied by an additional tax burden.

The importance of examining the organisational aspects of accounting and taxation of non-profit organisations is due to the necessity to enhance financial control mechanisms, increase transparency and efficiency of such institutions, and adapt the national accounting system to international standards. The significance of this subject is twofold. Firstly, it is essential to unify approaches to accounting in order to guarantee the comparability of financial information on an international level. Secondly, this will facilitate the attraction of international grants and donor assistance.

2 Literature Review

The organisational aspects of accounting and taxation of non-profit organisations are a topical area of research for many scholars. In their works, O. Vysochan, D. Maikovets, L.V. Mashkovska, N. Savchenko, K. Chychulina, Y. Stetsenko, O. Ul'ko, K. Trostianska, and O. Kryzhanovs'ka analysed the issues of regulatory and legal regulation, organisation of targeted financing

accounting, financial reporting and approaches to taxation (Vysochan O., Maikovets D., 2022; Mashkovska L.V., 2020; Savchenko N.M., 2019; Chychulina K.V., Stetsenko Yu.V., Ul'ko O.Yu., 2018; Trostianska K.M., Kryzhanovs'ka O.A., 2021). As illustrated in Table 1, the primary works concerning the particulars of financing, accounting, legal regulation and development prospects of non-profit organisations are outlined therein. Each study contributes to the understanding of the complexities and opportunities in this area.

The analysis of studies on accounting and taxation of non-profit organisations demonstrates the significance of effective regulation of their activities to ensure transparency and compliance with legal requirements. The authors have conducted a comprehensive study of various aspects of this topic, including the accounting for funding received from diverse sources (e.g., charitable contributions, grants, etc.) and the organisational and legal framework for the functioning of non-profit entities. Concurrently, the problematic aspects of accounting highlighted, such as the absence of clear standards for specific transactions and difficulties in reflecting earmarked income, indicate the necessity to enhance existing accounting practices and standards. In particular, the implementation of clear standards for specific transactions, such as accounting for grants, humanitarian aid, and work with volunteers, which remain insufficiently disclosed, requires in-depth research.

In Ukraine, the activities of non-profit organisations are regulated by a number of legislative acts, including the Tax Code of Ukraine, the Law of Ukraine "On Public Associations", the Law of Ukraine "On Charity Work and Charitable Organisations", the Law of Ukraine "On Accounting and Financial Reporting in Ukraine", as well as other regulations that determine the specifics of their financial reporting and taxation.

The purpose of this article is twofold: firstly, to analyse the existing organisational approaches to accounting and taxation of non-profit organisations; secondly, to identify problematic aspects in this area and to develop recommendations for their improvement.

3 Organisation of Activities and Accounting in Non-profit Enterprises (Institutions)

Non-profit organisations have been shown to play an important role in shaping and maintaining social balance. The provision of assistance to vulnerable groups within the population, alongside contributions to the resolution of environmental, educational and other social issues, and the

Table 1 Review of studies on the peculiarities of accounting and taxation of non-profit organisations in Ukraine

Author(s)	Issue(s) covered	Brief summary of the study
Vysochan O., Maikovets D.	Accounting for the financing of non-budgetary non-profit organisations	The researchers analysed the specifics of accounting for revenues from various sources, including charitable contributions, grants and sponsorship. They emphasised the importance of accurately and transparently reflecting funding-related transactions in accounting
Mashkovska L.V.	Organisational and legal framework for non-profit entities	The article identifies the key aspects of the establishment and operation of non-profit organisations, including their organisational requirements, registration and legal regulation. The author emphasises the importance of clearly defining the legal status of such organisations to ensure they can operate effectively
Savchenko N.M.	Formation of accounting policies in non-profit organisations	The study focuses on the specific challenges of creating and implementing an accounting policy for non-profit organisations. The author emphasises the importance of considering the targeted nature of funding and ensuring compliance with legal requirements
Chychulina K.V., Stetsenko Y.V., Ul'ko O. Yu.	Status and prospects of development of non-profit social enterprises	The authors analysed the current state of social enterprises with non-profit status. The study emphasises the significant contribution of these enterprises to solving social problems, and highlights the need for state support to improve their effectiveness
Trostianska K.M., Kryzhanovs'ka O.A.	Problematic issues of accounting for non-profit organisations	The study highlights the main accounting difficulties faced by non-profit organisations. In particular, the authors emphasise the challenges of accounting for earmarked income and the absence of clear accounting standards for specific transactions

Source: compiled on the basis of the (Vysochan O., Maikovets D., 2022; Mashkovska L.V., 2020; Savchenko N.M., 2019; Chychulina K.V., Stetsenko Yu.V., Ul'ko O.Yu., 2018; Trostianska K.M., Kryzhanovs'ka O.A., 2021) and the authors' own observations

development of culture, science and art, are all hallmarks of this institution. The activities of such organisations serve to address deficiencies that are not always effectively addressed by public or private institutions, thereby contributing to the construction of a more just and harmonious society.

Non-profit enterprises, institutions and organisations are defined as enterprises, institutions and organisations whose primary purpose is not the generation of profit, but rather the undertaking of charitable activities and patronage, in addition to other activities that are stipulated by law. The distinguishing characteristic of such organisations is the absence of distribution of income received between founders or participants, a feature that differentiates them from commercial entities (M.E.Doc, 2020).

In light of the unique characteristics of these entities' operations, it is imperative to underscore the significance of a comprehensive accounting policy for such enterprises. Such a policy would need to align with the specific requirements of non-profit organisations and ensure the provision of

accurate and comprehensive reporting. In order to facilitate the effective development of this sector, it is also necessary to pay attention to the support provided by the state, which will allow non-profit social enterprises to realise their full potential. It is vital to consider these factors if the accounting and taxation systems of non-profit organisations are to be improved and their effective functioning ensured in the face of constant changes in legislation.

The activities of non-profit organisations in Ukraine are subject to a number of legal provisions. Table 2 provides an overview of the key regulations and the issues they cover, thus facilitating understanding of the overall legal picture for non-profit organisations in Ukraine.

As demonstrated in the above table, the activities of non-profit organisations in Ukraine are governed by a series of legislative acts that delineate the fundamental principles of such organisations' operation. It is imperative to adhere to the stipulated accounting and taxation requirements, while concomitantly ensuring that the objectives delineated in the charter are met. Regulations

Table 2 Key regulations and issues governing the activities of non-profit organisations

Regulatory Act	Issues regulated by the regulatory act
The Law of Ukraine “On Public Associations” No. 4572 of 22.03.2012	This covers the regulation of the legal status of non-profit organisations, the criteria for obtaining non-profit status, the establishment and operational procedures, and the use of funds to achieve statutory objectives
The Tax Code of Ukraine No 2755 of 02.12.2010	The peculiarities of the taxation of non-profit organisations, their accounting and reporting requirements, and the procedure for determining their non-profit status
The Law of Ukraine “On Accounting and Financial Reporting in Ukraine” No. 996 of 16.07.1999	Accounting and financial reporting requirements for non-profit organisations
The Law of Ukraine “On Volunteer Activity” No. 3236 of 19.04.2011	The regulation of volunteering, particularly within non-profit organisations, and the management of volunteer resources

Source: compiled on the basis of the (The Law of Ukraine “On Public Associations”, 2024, The Tax Code of Ukraine, 2024, Law of Ukraine “On Accounting and Financial Reporting in Ukraine”, 2024, Law of Ukraine “On Volunteer Activities”, 2024) and the authors’ own observations

are established to ensure the transparency and efficiency of non-profit organisations, thereby guaranteeing their legality and compliance with national legislation.

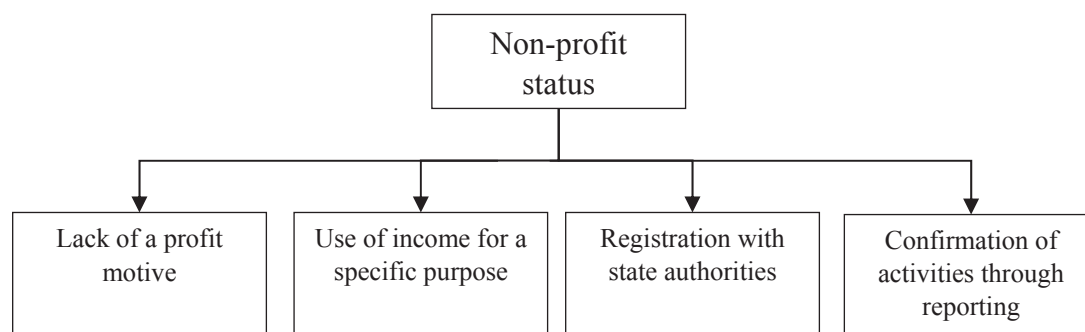
As illustrated in Figure 1, in order to be granted non-profit status, an organisation is required to demonstrate compliance with the stipulated criteria.

Obtaining non-profit status is a complex, multi-stage process involving several important criteria. According to the scheme's requirements, an organisation must be legally sound, its activities must align with the objectives set out in its charter, and it must be transparent regarding financing and reporting. Only if all these criteria are met can an organisation be granted non-profit status, entitling it to certain tax and legal benefits.

In order to ensure the proper functioning of non-profit organisations, the criteria and procedures

for including organisations in the Register, their registration, and the grounds for exclusion are provided for. The inclusion of an organisation in the Register constitutes a significant milestone in the pursuit of official confirmation of status and the subsequent access to the benefits provided by law.

The procedure for incorporating an organisation into the Register is subject to a clearly defined algorithm. In the initial phase, the organisation is responsible for the preparation of the requisite documentation, encompassing the charter or constituent documents that serve to substantiate the purposeful nature of its activities. Subsequently, an application is submitted to the tax authority at the place of registration. During the inspection, the tax service analyses whether the constituent documents comply with the legal requirements. If all conditions are met, the organisation is officially

**Figure 1** Criteria for obtaining non-profit status

Source: compiled on the basis of the (Chychulina K. V., Stetsenko Yu. V., Ul'ko O. Yu., 2018) and the authors’ own observations

entered into the Register and becomes eligible for tax benefits.

However, obtaining non-profit organisation status requires constant compliance with established norms. Using income for other purposes, making payments to members or founders, and failing to comply with reporting obligations may result in exclusion from the Register. In this case, the organisation's income is taxed according to the general rules and its non-profit status is lost.

In the process of granting non-profit status to organisations, it is important to classify them in accordance with specific groups that determine their activities and purpose. The designation of non-profit status is determined by the nature of the organisation in question, with each category being subject to distinct requirements as outlined by the Register. This ensures the correct application of tax benefits and compliance with the requirements of the law regarding the use of income by the organisation exclusively for the achievement of its statutory objectives. As illustrated in Table 3, a structured classification system has been developed to categorise non-profit organisations according to their specific type. This system facilitates a clear distinction between the various categories of non-profit institutions and associations.

The table provides a classification of non-profit organisations into different groups according to their main activities and legal status. Each code facilitates expeditious determination of the

organisation's status, its compliance with the criteria for non-profit status, and the application of pertinent tax benefits or restrictions. The utilisation of these codes facilitates the monitoring and accurate accounting of financial resources received by the organisation. The primary function of the aforementioned entities is to ensure the unification of reporting, thereby facilitating the generation of statistical data and the verification of the compliance of organisations with their stated objectives.

The accounting policy is one of the key documents that ensures proper accounting and control over finances. It regulates all aspects of accounting, including the recording of income and expenses, and reporting. In the context of non-profit organisations, accounting policies play a crucial role in ensuring transparency of financial transactions, compliance with legal requirements and strengthening donor confidence. It is imperative to consider the primary aspects that should be incorporated into the accounting policy of a non-profit organisation.

The accounting policy stipulates that all receipts of the organisation (grants, charitable contributions, humanitarian aid) are to be recorded as earmarked funding, the income from which is recognised only when the conditions for their use are met. All expenditure must be consistent with the organisation's statutory objectives. Separate accounts are kept for each source of funding. This enables income and expenditure for programmes or

Table 3 Sign of a non-profit organisation

Groups of organisations	Code
Budgetary institutions	0031
Public associations	0032
Political parties	0033
Creative unions	0034
Religious organisations	0035
Charitable organisations	0036
Pension funds	0037
Unions	0038
Associations and other unions of legal entities	0039
Housing co-operatives	0040
Dacha (summer cottage) co-operatives	0041
Gardening and garage (garage construction) co-operatives (associations)	0042
Co-owners associations associations of apartment building owners	0043
Trade unions, their associations and trade union organisations	0044
Employers' organisations and their associations	0045
Agricultural service co-operatives	0046
Co-operative associations of agricultural service co-operatives	0047
Other legal entities	0048

Source: compiled on the basis of the (Law of Ukraine "On Accounting and Financial Reporting in Ukraine", 2024) and the authors' own observations

projects to be accounted for separately. Particular attention is paid to correctly documenting funds received as part of grants or charitable assistance.

It is imperative that all expenses are allocated to projects or activities in accordance with the organisation's charter. Assets acquired with earmarked funds are subject to depreciation, which is recognised in the accounts as an expense related to the utilisation of earmarked funding. The accounting policy stipulates explicit procedures for the preparation of financial statements that comply with the stipulations of governmental authorities and donors. The procedure for preparing tax reports and special reports for donors reflecting the use of their funds should be included. The accounting policy establishes the rules for drawing up contracts, acceptance certificates, registers of recipients of aid and other primary documents. The document also provides a definition of the terms of their storage and the procedure for accessing the documentation. The policy should include provisions for compliance with the conditions for maintaining the non-profit status, such as the exclusive utilisation of income for statutory purposes, which in turn allows for tax benefits. Periodically taking an inventory of assets acquired with earmarked funds is an important element of accounting policy. This ensures that the accounting data is up to date and reflects the current state of the assets. The accounting policy should set out the procedure for making changes in the event of legislative changes or changes to the organisation's activities. It is also important to periodically review the policy to ensure that it continues to meet the organisation's current needs.

4 Accounting and Taxation of Targeted Funding, Grants, Humanitarian Aid and Co-operation with Volunteers in a Non-profit Organisation

Targeted funding plays a key role in ensuring the activities of such organisations, as it enables them to fulfil their statutory duties without engaging in commercial activities. This is why considering the specifics of accounting for such revenues is an important step in the study. Targeted funding, such as grants and technical assistance, is not recognised as income until the conditions for its use have been confirmed. Accounting is carried out in accordance with the National Accounting Regulations (Standards) (NAR), account 48 "Targeted financing and targeted receipts":

- Subaccount 481 "Funds Exempt from Taxation": accounting for income tax benefits;
- subaccount 482 "Funds from the budget and state trust funds": reflects budget revenues;

- subaccount 483 "Charitable assistance": accounting for VAT-exempt income;

- subaccount 484 "Other special-purpose financing funds": used for revenues that do not fall into other categories.

Financing designated for capital investments is recognised as income on a straight-line basis over the useful lives of the assets for which the financing was provided. To illustrate, the depreciation of an item of property, plant and equipment is recognised in proportion to the financing received. Receipts are meticulously documented in the accounting registers and incorporated within contracts, acceptance certificates and reports to donors.

In accordance with the Ukrainian Tax Code, charitable assistance provided to individuals residing in areas where military operations were conducted or who were compelled to leave their place of residence is not included in taxable income. The aforementioned benefits are defined in clause 165.1.54 of the TCU.

Such payments include:

- Financial assistance for housing reconstruction;
- funds for basic needs;
- compensation for medical expenses.

The organisation providing the assistance must ensure that the following documents are properly executed: assistance agreements; registers of recipients; and confirmation of the intended use of funds. Grants and assistance are subject to detailed accounting and reporting. It is important that all funds are documented and used in accordance with the terms and conditions of their provision. They are recognised as income in the accounts only during the periods in which the organisation incurs expenses related to fulfilling these conditions. If the funding is intended for long-term purposes (e.g., construction), the amount is allocated across the useful life of the assets.

For reporting to donors or tax authorities, it is important:

- To keep copies of contracts and proof of receipts;
- to keep separate records for each source of funding;
- to submit reports reflecting the movement and use of funds.

A particular form of targeted funding is that of grants, which enable non-profit organisations to implement large-scale social, cultural and educational projects. In view of their targeted character, the accounting of grants necessitates particular consideration, since the transparency and accuracy of such accounting are pivotal in fostering the donor's confidence and ensuring the efficacy

of the project. The specifics of grant accounting demand special attention due to their targeted nature and reporting requirements to donors.

It is important to note that grants are often subject to explicit stipulations regarding their utilisation, which necessitates that organisations meticulously document each phase of their operations. In order to ensure transparency and compliance with legal and contractual requirements, it is necessary to properly record business transactions related to the receipt, use and write-off of grant funds. In this context, it is important to understand the key accounting principles relating to grants, including how they are recognised and used for capital investments, and how they are gradually recognised in financial statements. Table 4 provides an example of how to account for business transactions relating to the receipt and use of a grant. The main stages are shown, from receiving the funds to using them to purchase equipment and then depreciating it.

As demonstrated in the accompanying table, targeted funding is meticulously allocated in stages, adhering to the principle of matching income and expenses. This measure is intended to ensure transparency in the use of grant funds and to facilitate the correct accounting treatment of transactions.

In addition to financial endowments from grants, humanitarian aid constitutes a significant source of support for non-profit organisations. The receipt and distribution of the aforementioned funds is subject to specific accounting and legal requirements. The provision of humanitarian aid is intended to provide support to populations in crisis situations, and this underscores the significance of transparent accounting and reporting at each

stage of the process. The receipt of inventory in the form of humanitarian aid necessitates meticulous accounting to ensure transparency of resource utilisation and compliance with legal requirements. It is imperative that accounting for such transactions takes into account the specifics of humanitarian aid, including its intended purpose and the tax exemption provided for by law. Particular attention is paid to documenting all stages, from the receipt of aid to its transfer to recipients, and to the recording of relevant expenses and income in the financial statements. Table 5 provides an example of the accounting process for receiving and transferring humanitarian aid. It illustrates transactions ranging from the recognition of received inventories to the write-off of expenses and the recognition of income within the targeted financing.

Accounting for humanitarian aid requires compliance with specific regulations, including VAT exemption under Ukraine's Tax Code. It is important to ensure transparency and proper documentation of such transactions in order to avoid tax risks and ensure accountability.

Non-profit organisations are entitled to tax benefits if they meet the requirements of the Tax Code of Ukraine and are included in the Register of Non-Profit Institutions and Organisations. The fundamental principle underpinning their taxation regime is exemption from income tax, on the condition that the organisation's revenue is utilised exclusively for the pursuit of its statutory objectives. A violation of these conditions, such as the misuse of funds, will result in the revocation of non-profit status, and all income for the period of violation will be taxed at the general rate of 18% (The Tax Code of Ukraine, 2024).

Table 4 Accounting for grant funds received by a non-profit organisation

Business transaction	Debit	Credit	Total, thousand USD
1. Targeted funding (grant) received	311	482 (484)	120,00
2. Prepayment made to supplier for equipment	371	311	120,00
3. Equipment received from supplier	152	631	120,00
4. Debt offset is reflected	631	371	120,00
5. Equipment is put into operation	10	152	120,00
6. Grant funds are recorded as deferred income	482 (484)	69	120,00
7. Depreciation of fixed assets for the month is accrued	94	131	12,00
8. Income from received targeted financing in the amount of depreciation is recognised	69	745	12,00
9. Expenses are written off to the financial result	791	94	12,00
10. Income is recognised in the amount of expenses incurred	484/482	719	12,00
11. Income is written off to the financial result	719	791	12,00

Source: compiled on the basis of the (Voitenko T., 2021) and the authors' own observations

Table 5 Accounting for receipt of goods and materials and humanitarian aid by a non-profit organisation

Business transaction	Debit	Credit	Total, thousand USD
1. Received the humanitarian aid and recorded it	209	4831	125,00
2. Humanitarian aid is transferred to recipients (primary documents)	94	209	125,00
3. Expenses are written off to the financial result	791	94	125,00
4. Income is recognised in the amount of targeted funding (at the level of expenses incurred)	4831	719	125,00
5. Income is recognised on the financial result	719	791	125,00

Source: compiled on the basis of the (Voitenko T., 2021) and the authors' own observations

The payment of taxes by non-profit organisations is dependent upon the nature of their activities. With regard to value-added tax, such organisations are not automatically registered as VAT payers. However, should the volume of taxable transactions exceed 1 million UAH within a 12-month period, registration becomes obligatory. Transactions related to the provision of charitable assistance or humanitarian goods are exempt from VAT. In addition to the aforementioned taxes, non-profit organisations are obligated to pay other mandatory taxes, including the unified social contribution (USC) when remunerating employees or individuals, personal income tax, and military duty. Fines are imposed on organisations for late reporting or payment of taxes. It is important to note that administrative liability may be incurred by officials in cases of such violations.

Volunteer assistance is an integral component of numerous social projects implemented by non-profit organisations. The organisation of this work requires meticulous documentation, including the maintenance of detailed accounts and adherence to prevailing legislation. In accordance with the Law of Ukraine "On Volunteer Activity", volunteer assistance is rendered on a voluntary and pro bono basis. However, in order to ensure transparency and compliance with the law, it is important to document co-operation with volunteers and account for expenses incurred in the course of their activities. Volunteer assistance is defined as work or services performed on a pro bono basis by individuals who voluntarily engage in socially oriented activities. Charitable organisations are permitted to engage volunteers on the basis of a volunteer agreement or without such an agreement, and are required to issue volunteers with certificates, provide them with life and health insurance for the duration of their assignments, and reimburse expenses incurred in the course of their activities. Such expenses encompass travel, sustenance, accommodation, communication and medical examinations, provided

that they are directly related to the performance of volunteer activities. It is important to note that reimbursement of these expenses is not considered to be a volunteer's income. Consequently, it is not subject to personal income tax and unified social contribution, provided that it is documented and provided for in the organisation's constituent documents.

The documentation of volunteers encompasses the conclusion of a volunteer agreement, which delineates the rights and obligations of both the volunteer and the organisation. This agreement also stipulates the scope of activities, the timeframe for completing the work, and the potential reimbursement of expenses. The agreement constitutes the foundation for determining the terms of co-operation and the legal regulation of this activity. Moreover, the organisation maintains a register of volunteers, which contains their contact details, areas of activity and the amount of work performed, thus allowing for effective organisation and control of the work.

Another salient issue is that of reimbursement of volunteers' expenses. For instance, volunteers may be reimbursed for fuel costs if they utilise their personal vehicles to carry out the organisation's tasks. In order to facilitate the reimbursement of expenses incurred, it is necessary to submit documentation including, but not limited to, fuel receipts, itinerary sheets and the organisation's order for the utilisation of the vehicle. Furthermore, in the event that a volunteer undertakes duties in a location external to their place of residence, they may be eligible for reimbursement of expenses incurred for travel, accommodation, and meals. For this purpose, travel orders and an expense report are to be issued, accompanied by the relevant primary documents (tickets, accommodation bills, etc.). Volunteer expenses are accounted for as targeted expenses of the organisation. It is important to note that the compensation provided to volunteers is not considered as income for tax

purposes, provided that it is properly documented and does not exceed the established norms. In accordance with Ukrainian Accounting Standards, these expenses are to be recorded in subaccounts 92 "Administrative expenses" or 949 "Other operating expenses". To ensure proper accounting, the following primary documents are required: a contract with a volunteer; orders for business trips or the use of transport; receipts; cheques; route sheets; and a report on the work performed.

In addition to financial expenditures, the organisation is obliged to equip volunteers with the requisite tools and resources to ensure the effective completion of assigned tasks, whilst also guaranteeing their safety. It is imperative that all of these aspects are meticulously documented in the organisation's bylaws to ensure control and compliance with legal requirements.

Financial reporting is a pivotal component of transparency and accountability for non-profit organisations. This enables the organisation to demonstrate to government agencies, donors and the public how it uses its resources to achieve its statutory objectives.

Non-profit organisations are required to prepare financial statements in accordance with the National Accounting Standards and submit them within specified time limits. The primary financial statements for non-profit organisations include the balance sheet, income statement and report on the use of income (profit).

The balance sheet is a financial statement that reflects the overall position of an organisation at the conclusion of a reporting period. It includes assets, liabilities, and sources of funding. The income statement is a financial statement that details the organisation's income and expenses, and shows the results of the use of targeted funding.

The process of preparing financial statements involves the collection and review of data, the preparation of reports in the prescribed forms, and the submission of these reports to the relevant tax authorities. It is imperative that all financial transactions are supported by primary documentation, including but not limited to acts, contracts, receipts and cheques. Financial statements confirm the correct use of funds, which is essential for maintaining a non-profit organisation's status. They help organisations avoid tax risks, maintain the trust of partners and donors, and demonstrate the effectiveness with which they achieve social or charitable goals.

A report on the income (profits) of a non-profit organisation is an official document submitted to the tax authorities. It reflects the sources of funding and how funds were used in accordance with the

organisation's statutory objectives. It shows how much income was received from sources such as membership fees, grants and charitable donations, and how much was spent on administrative needs and the implementation of charitable programmes or social initiatives. Moreover, the report discloses the balance of funds at the conclusion of the reporting period. The document is submitted on an annual basis to the State Tax Service of Ukraine within the established timeframe. Failure to submit it, or the violation of the intended use of funds, may result in the revocation of the non-profit status of the organisation.

In summary, non-profit organisations have significant tax advantages, but their preservation requires strict compliance with the law. It is important to monitor the proper use of funds and comply with reporting rules to avoid losing benefits and penalties.

5 Conclusions

Non-profit organisations are subject to specific accounting requirements due to the targeted nature of their funding, the absence of profit-making objectives and the need to utilise funds exclusively for the purposes specified in their charter. It is imperative that such organisations maintain proper accounting and reporting practices, particularly in the context of utilising grants and charitable assistance.

The regulatory framework governing the operations of non-profit organisations in Ukraine is comprised of several legislative acts, including the Tax Code, the Law on Public Associations, and the Law on Charity, amongst others. The overarching objective of these regulations is to ensure transparency with regard to their activities, to define the principles of financing, and to regulate taxation.

Non-profit organisations are subject to certain tax benefits, including exemption from income tax, provided that their income is used exclusively for the purposes outlined by law. However, in the event of a violation of these requirements, the organisation may forfeit its non-profit status, which is subject to taxation of income at the general rate.

A comprehensive accounting policy, meticulously tailored to the unique characteristics of their operations, is paramount to the effective functioning of such entities. The process of distinguishing between sources of funding, the correct recording of expenses, and the proper preparation of primary documentation is facilitated by this system.

Documentation, proper accounting of expenses and security are also important areas when working with volunteers. This enables activities to be

organised efficiently and ensures compliance with applicable laws.

The study draws attention to the fact that accounting practices are not as developed as they could be, in particular the lack of clear standards for specific transactions, such as the accounting for earmarked funding and humanitarian aid.

This necessitates the enhancement of prevailing accounting practices and the establishment of suitable standards. Consequently, the significance of effective regulation and transparency of non-profit organisations persists, and further development of this sector necessitates attention to enhanced accounting practices and support from the state.

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