

## **Improvement of accounting and tax accounting of receivables**

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**Abstract.** The relevance of this study is determined by the fact that the importance of effective management of receivables for ensuring financial stability is considered. Reducing the risk of insolvency, improving liquidity, increasing current assets, strengthening trust and reputation, as well as macroeconomic impact are the key mechanisms through which effective management of receivables contributes to the financial stability of enterprises and the country as a whole. The purpose of this study was to find ways to improve work with receivables of enterprises operating in the Khmelnytskyi region of Ukraine. As a work methodology, such research tools as analysis, synthesis, and PESTEL analysis were chosen. The results of the study demonstrated that it is critically important for any enterprise to be able to efficiently record its receivables to avoid the risk of receiving tax fines and interest charges. By implementing new mechanisms for improving accounts receivable accounting, enterprises can obtain more accurate financial reporting, improve cash flow management, ensure timely payment of services and goods from customers, improve compliance with Ukrainian tax legislation, which leads to an increase in their economic efficiency. Accounting for receivables also considers the accounting of customers' credit ratings, which gives companies an idea of the areas of development and serves as the basis for work on managing funds. Moreover, a well-established business process, from the standpoint of avoiding the appearance of debts due to the improvement of tax and accounting, can also help the government of Khmelnytskyi region to collect taxes more effectively (timely and in full) and promote the development of public infrastructure and the provision of services in the region. The significance of the obtained results lies in the potential contribution to the construction of a stronger and more stable financial system of the Khmelnytskyi region

**Keywords:** cash flow; bankruptcy avoidance; economy; financial stability; lending

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## Introduction

Effective accounting and tax accounting of receivables is important for any business. The ability of the enterprise to work efficiently with accounts receivable becomes one of the decisive factors for maintaining financial stability and ensuring compliance with legislation. Thus, A. Kolevatova (2022) emphasizes that there are certain differences in the Ukrainian and foreign understanding of the term “receivables”. According to the National regulation (standard) of accounting 10 “Receivables” (Order of the..., 1999), this term is understood as the amount owed by debtors to the enterprise on the current date. Accounts receivable can be defined as an asset, only if it is assumed that the enterprise will receive economic benefits in the future, considering the determination of a reliable amount of income. Receivables are divided into several types, which include current (which can be repaid within 12 months), long-term (which will be repaid after 12 months), and bad debts (for which there is a certainty that the debtor will not return the funds, or the one where the term of summons has expired of antiquity) (Order of the..., 1999).

A. Okungbowa (2022) defines accounts receivable as the total amount of money that must be returned to the company by its customers. The scientist classifies receivables as financial assets. The author emphasizes that accounting for receivables is an important part of the financial management of any enterprise that sells its products or services on credit.

Accounts receivable is an essential component of a company's assets, and its accurate accounting and management can substantially affect a company's financial performance. Thus, researchers M. Paseková *et al.* (2021) determine that receivables constitute a significant part of the current assets of enterprises, and should be investigated and analysed constantly, and at different levels. The authors note that a significant excess of receivables indicates great financial difficulties of the enterprise and reflects the critical need to find additional financing (attraction of investments) (Paseková *et al.*, 2021). Moreover, according to Ukrainian scientists A.P. Mararenko and D.Y. Levitska (2021), if the company is unable to find the necessary funds to cover the debt, the company may be declared bankrupt and liquidated.

R.P. Singh *et al.* (2021) determined that the analysis, accounting, and management of receivables also has a significant impact on the attitude of customers towards the enterprise. The authors note that accounting for receivables can highlight the most attractive areas of cooperation for concluding profitable deals with solvent and conscientious clients of the firm. The more a company is confident in its customers, the higher the level of loyalty it will receive from them. Moreover, the termination of cooperation with “honourable” debtors improves the situation with the level of trust of honest customers and reduces the possible financial risks of the enterprise.

Recently, enterprises of the Khmelnytskyi region of Ukraine have encountered several problems related to the management and accounting of receivables. These

challenges include a lack of clear guidance on the accounting and tax approach to accounts receivable, ineffective use of accounting software, and a lack of clearly defined debt collection processes (Reports, 2021). Notably, this situation is not unique to the Khmelnytskyi region, it is inherent in many Ukrainian enterprises, as evidenced by the audit reports of the State Audit Service of Ukraine (Reports 2022, 2022).

Furthermore, the activities of many Ukrainian enterprises became more difficult due to the beginning of the full-scale invasion of the Russian Federation into Ukraine. This led to the impossibility of some companies to perform their debt repayment obligations. Therefore, for enterprises with large amounts of receivables, the risk of turning current debt into long-term debt has significantly increased, which can have major negative consequences for the financial condition of these enterprises.

The purpose of this study was to investigate the current state of accounts receivable management in the region and to identify the main shortcomings of the current approach to accounting and to find ways to improve the accounting and tax accounting of accounts receivable of enterprises in the Khmelnytskyi region of Ukraine.

## Materials and Methods

As a basis for the analysis, within the framework of this study, official data from reports on the financial activities of the enterprises “Khmelnytskyi Forestry” (Financial information, 2023) and Khmelnytskvodokanal (Company reports, 2023) were used. The regulations and relevant legislative documents of Ukraine in the field of accounting (Order of the..., 1999) and tax accounting (Tax Code of Ukraine, 2010) served as an additional tool of the theoretical basis of the article. For this study, financial and audit reports for the last 5 years (from 2018 to 2022) were processed, including official statistical information of the State Statistics Committee of Ukraine (Official website of..., 2023). All the information used is publicly available on the Internet.

The methodological framework of this study, in the context of improving accounting and tax accounting of receivables, are such methods as analysis (which consists in evaluating the current system and identifying its main shortcomings, as part of this analysis, familiarization with the types of receivables, the means of how it is kept in accounting, and how the collection of debts from customers is monitored, and subsequently, an assessment of the current state is carried out to determine the main areas that require substantial improvement); synthesis (applied as an auxiliary method, within the framework of the development of a new improved system, which covers the strengths of the current system, while eliminating the identified weaknesses).

PESTEL analysis (where P – political factors, E – economic factors, S – social factors, T – technological factors, the second E – environmental factors and L – legislative influence factors) was an auxiliary research method. Within the framework of the impact of each factor on accounting and tax accounting of receivables, it should be determined that:

- political factors refer to the influence of national policy;
- legislative influence factors are responsible for the analysis of regulations, laws of Ukraine that are in force or are changing and affect the accounting and tax accounting of receivables;

- economic factors refer to general economic conditions, such as interest rates, inflation, economic growth and exchange rates, which may affect the accounting and tax accounting of accounts receivable;

- social factors refer to the influence of social trends, cultural norms, and demographic changes on accounting;

- technological factors, in turn, relate to the impact of technological advances and innovations on accounts receivable (such innovations include, e.g., the use of electronic payment systems and online invoicing);

- environmental factors of influence are most relevant for farms.

The selected methodological base corresponds to the main tasks and goals of the current research, forming a comprehensive approach, within the framework of which, the construction of an improved approach to accounting for receivables is carried out.

Notably, the current study is limited to a generalized analysis of the issue of improving the accounting and tax accounting of receivables of enterprises of the Khmelnytskyi region of Ukraine and does not focus on an in-depth analysis of particular commercial enterprises.

## Results

Accounts receivable accounting refers to the process of recording and managing money owed to a company by its customers for goods or services. That is, accounts receivable starts from the moment when goods or services have been sold, but have not yet been paid for (Sydorenko, 2019; Marusych & Sharmanska, 2022). On the other hand, tax accounting for receivables is the process of accounting for the tax consequences of receivables (Gudzenko & Lysak, 2019). It involves tracking the tax liabilities associated with the receivables (penalties, fines) and ensuring that the appropriate tax is paid on the income received from the receivables.

Accounting for receivables is important for managing the company's cash flows and ensuring the availability of sufficient working capital for efficient operation, and for minimizing the risks of financial difficulties and bank-ruptcy (Dubinina *et al.*, 2023). Thus, it can be concluded that the main difference between accounts receivable accounting and tax accounting is that the former deals with the day-to-day management of a company's receivables, while the latter focuses on the tax implications of those receivables.

However, there are also certain similarities between these two types of accounts receivable accounting. Both involve tracking customer payments and outstanding balances, and both require attention to detail and accuracy in record keeping. Furthermore, both types of accounting are necessary to maintain the financial stability of the company

and ensure compliance with relevant regulations and tax legislation of Ukraine.

It is essential to understand that in the Ukrainian research space, accounts receivable refers not only to current assets, but also to non-current ones (Kolevatova, 2022). From the standpoint of accounting of receivables of enterprises, which must be reflected in the Balance Sheet (Statement of Financial Position), current assets include (Order of the..., 1999):

- accounts receivable for products, goods, works, services (line code 1125);

- accounts receivable (line code 1130);

- accounts receivable based on calculations of accrued income (line code 1140);

- internal calculations (line code 1145): on issued advances (line code 1130), from the budget (line code 1135), from income tax (line code 1136);

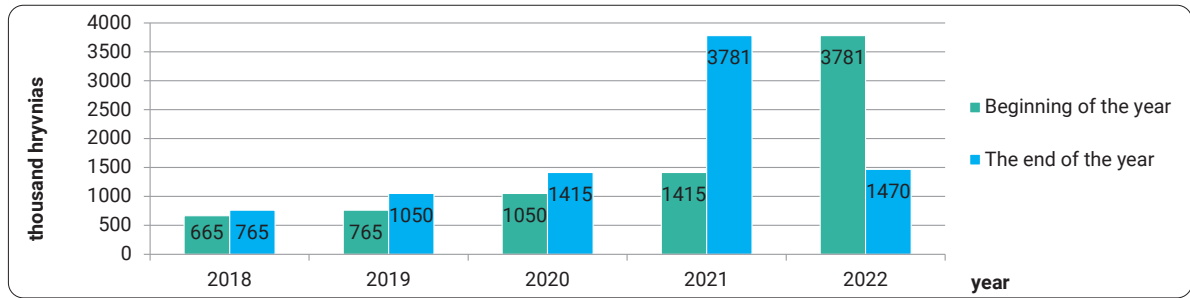
- other current receivables (line code 1155).

Receivables belong to the current assets of the enterprise since they can be repaid or converted into cash within a short period of time (up to one year). In turn, non-current assets of the enterprise include long-term receivables (line code 1040). Such debt must also be reflected in each company's balance sheet. Receivables belong to non-current assets of the enterprise, provided that the debt has not been paid, and all collection periods have passed (Order of the..., 1999).

Accounting for receivables should become one of the key areas of analysis for enterprises seeking to carry out their activities effectively. In today's world, accounting is a key tool for achieving sustainable business intelligence (Lin *et al.*, 2022). Receivables are usually checked according to the established audit scheme and is mandatory for every enterprise. However, the technology used to perform some of these jobs has been changing and evolving recently. Thus, for instance, at one time, the use of software was introduced (Andiola *et al.*, 2022), which considerably reduced the time for conducting the audit, and reduced the level of inaccuracy and errors.

To manage receivables and reflect them in accounting, enterprises can use different methods of calculating reserves for doubtful debts and writing off debts. In each case, accounts receivable plays a vital role in the analysis of liquidity and profitability of the enterprise (Konovalchuk *et al.*, 2022). That is why one should pay attention to the study of both articles of the financial statements of the analysed enterprises to achieve a more accurate analysis.

Within the framework of the current study, receivables belonging to both current and non-current assets of the state-owned enterprise "Khmelnytskyi Forestry" (Financial information, 2023) and the municipal utility "Khmelnytskvodokanal" (Company reports, 2023) were considered. Thus, data on the total amount of receivables of the state enterprise (SE) "Khmelnytskyi Forestry" (Financial information, 2023), which belongs to current assets for the past 5 years, are presented in Figure 1.

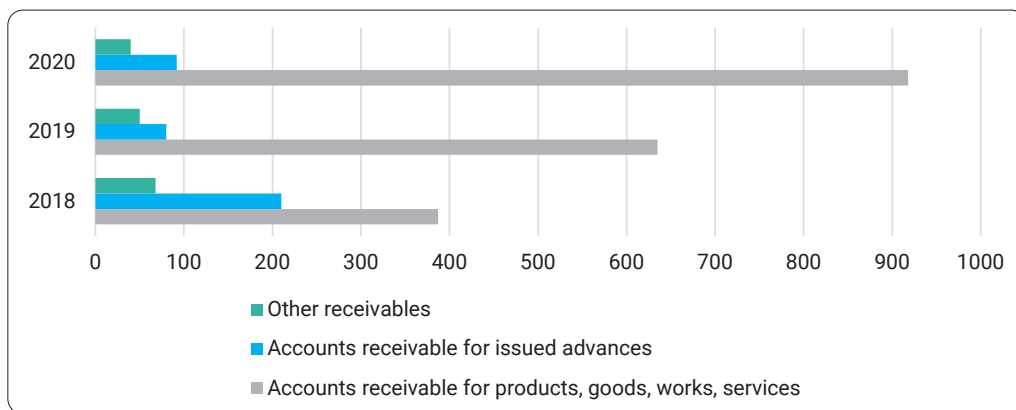


**Figure 1.** The total volume of receivables of SE “Khmelnytskyi Forestry”

**Source:** compiled by the author based on Financial Information (2023)

The obtained data indicates that over the past 5 years, the company faced a constant increase in the amount of receivables. Thus, according to the given financial data, the amount of receivables belonging to the company's current assets has grown by more than 92% (according to the data for the end of 2018 and the end of 2022). However,

the company's current assets include accounts receivable for several items. To understand which of the articles is the most vulnerable, an analysis of receivables of SE “Khmelnytskyi Forestry” was conducted (Financial information, 2023). The results at the beginning of the reporting period are presented in Figure 2.

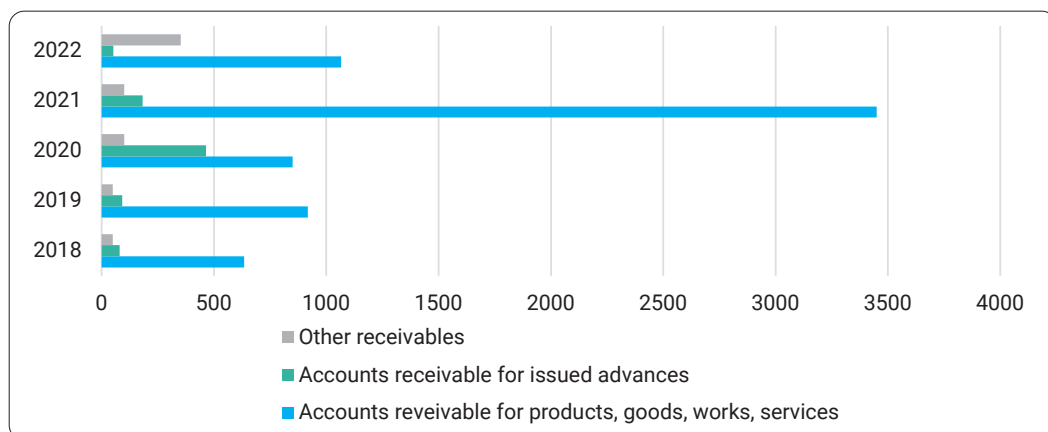


**Figure 2.** Accounts receivable of SE “Khmelnytskyi Forestry”, in thousand UAH

**Source:** compiled by the author based on Financial Information (2023)

According to the data, the largest receivables of the enterprise in recent years are debts for services rendered and goods sold. And this indicates that the company does not work efficiently enough with clients and allows the appearance of large debts. However, it is not possible to analyse exclusively the results at the beginning of the reporting

period, to identify the effectiveness of debt collection work, it is necessary to analyse the data at the end of the reporting period and, comparing them with the initial ones, identify trends. Thus, within the framework of the full analysis, the company's receivables belonging to current assets at the end of the reporting period were also examined (Fig. 3).



**Figure 3.** Accounts receivable of SE “Khmelnytskyi Forestry”, in thousand UAH

**Source:** compiled by the author based on Financial Information (2023)

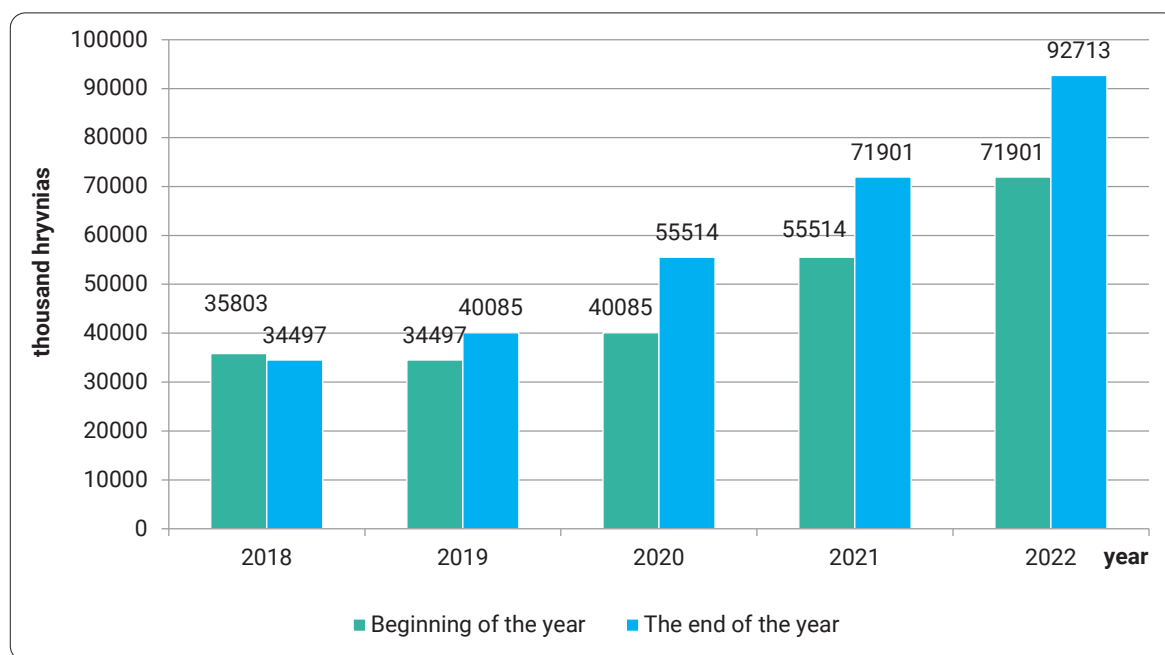
Such a situation indicates that the company does not always manage to reduce the receivables, but the current work with it is quite effective. According to the analysis, over the last year, the work with the company's receivables helped to reduce the amount of debt under the items "For advances" (line code 1130), which can be evidenced, for instance, by a reduction in employee business trips (Order of the..., 1999), which due to the beginning of a full-scale invasion of Ukraine by the Russian Federation in February 2022.

Accounts receivable for issued advances often indicate funds issued to employees of the enterprise, the expenses of which have not yet been confirmed by the provision of checks and reports (Holzhauer, 2023). However, the company failed to control the accounts receivable effectively under the article "For products, goods, works, services", which may also be caused by the start of a full-scale war. However, speaking about the existence of long-term debt belonging to non-current assets at SE "Khmelnyskyi Forestry" (Financial information, 2023), it should be noted that the enterprise manages to prevent such debt from arising. This is

also evidenced by the company's Balance sheet data for the last 5 years.

This indicator demonstrates that the company does not lose control and tries to maintain high-quality accounting and tax records of receivables, preventing the occurrence of critical situations that can lead to the imposition of large fines and, even, bankruptcy. However, the company can increase the level of control and reduce the amount of receivables, in case of implementing certain changes in the accounting process.

The second enterprise that was analysed to determine the main features of accounting for receivables of enterprises of the Khmelnytskyi region was the city utility enterprise (CUE) "Khmelnyskvodokanal" (Company reports, 2023). Within the framework of the analysis of the enterprise, an analysis of the total amount of receivables, which belongs to current assets for the last 5 years, is provided. The results of the analysis, according to the data of the official financial reporting of MCP "Khmelnyskvodokanal" (Company reports, 2023), are presented in Figure 4.



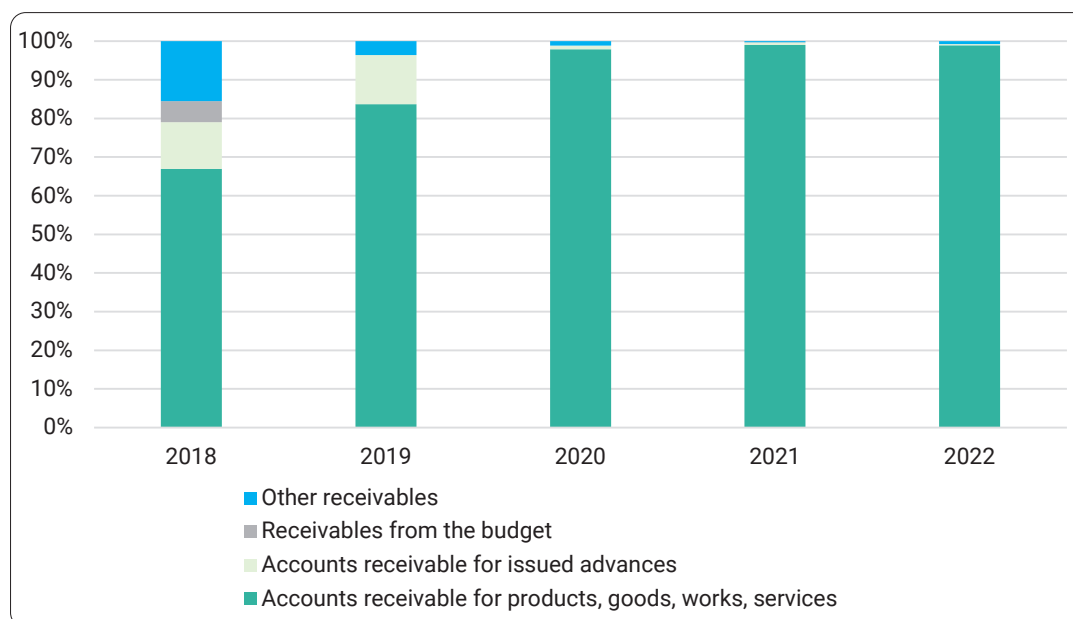
**Figure 4.** Total amount of receivables CUE "Khmelnyskvodokanal"

**Source:** compiled by the author based on Company reports (2023)

The obtained data suggest that the CUE "Khmelnyskvodokanal" works much worse with receivables than the SE "Khmelnyskyi Forestry". Thus, in the last 5 years alone, the amount of receivables belonging to the company's current assets has grown by more than 169% (according to data for the end of 2018 and the end of 2022). Such an indicator is critical, it demonstrates that the company cannot work effectively with accounts receivable. Furthermore, the company allows an increase in the amount of debt almost every year (from 2019 to 2022). However, when talking about receivables belonging to non-current

assets, the situation is less critical. It was determined that the company also does not allow such debt to arise, which indicates the potential effectiveness of accounting within the framework of the CUE "Khmelnyskvodokanal" (Company reports, 2023).

To conduct a more accurate and detailed analysis, the accounts receivable indicators of MCP "Khmelnyskvodokanal" (Company reports, 2023) were considered by individual articles (line codes: 1125, 1130, 1135). The amounts of receivables of the enterprise at the beginning of the reporting period for the last 5 years are presented in Figure 5.



**Figure 5.** Accounts receivable of MCP “Khmelnytskvodokanal”, in thousand UAH

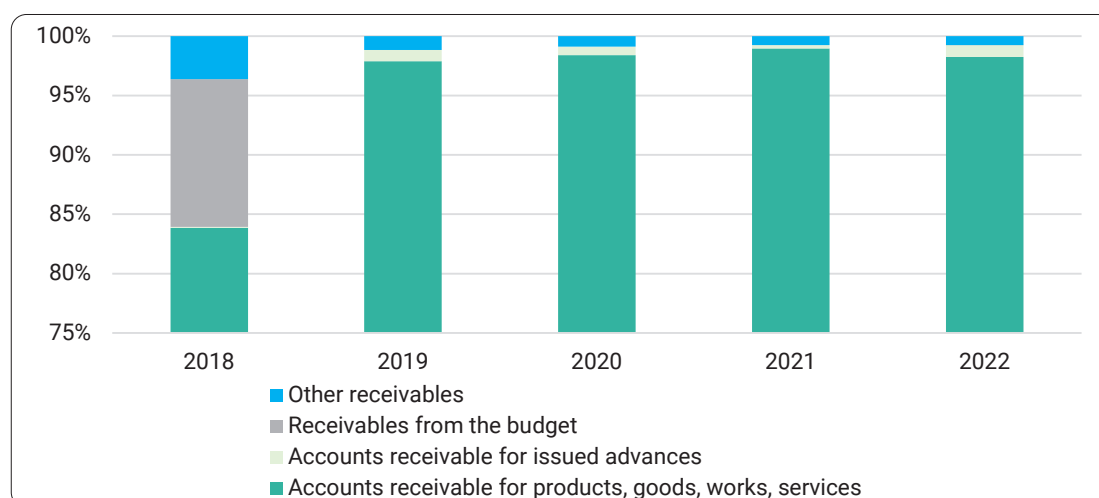
**Source:** compiled by the author based on Company reports (2023)

According to the given data, the main part of the company's receivables is receivables for products, goods, works, and services. In general, the percentage of debt growth in this category is about 196%. This can indicate potential problems with timely payments and accounts receivable management. While in the “Other receivables” category, a gradual decrease in debt was noted by about 90% from 2018 to 2022. In turn, the value of receivables for issued advances fluctuated constantly, but in general, the indicator stayed at a relatively stable level.

Such a situation at CUE “Khmelnytskvodokanal” (Company reports, 2023), according to official documents on the financial situation of the enterprise, relates to the fact that during its activity, most of the receivables are owed by buyers or customers for the services reserved by them water supply and drainage. The largest part of receivables

is allocated to the consumption of services by the population. But this indicator continues to grow, in 2022, the debt of the population for services received without considering the reserve for depreciation amounted to more than 78 thousand UAH, which is 18% more than the previous indicator (over 66 thousand UAH).

It is difficult to reduce the level of receivables according to this indicator. The main problem is not in internal factors of influence (poor accounting, careless attitude towards consumer choice, inability to work with debt), but in external factors of influence. As of the end of the year, the situation with debt under the article “For products, goods, works, services” only increased. The analysis of receivables of CUE “Khmelnytskvodokanal” (Company reports, 2023) for the same period at the end of the year is presented in Figure 6.



**Figure 6.** Accounts receivable of SE “Khmelnytskyi Forestry”, in thousand UAH

**Source:** compiled by the author based on Financial Information (2023)



The obtained results emphasize the problem in the work of the enterprise with receivables. As in the CUE “Khmelnyskvodokanal”, the greatest growth was found in the category of receivables for products, goods, works, and services. The indicator of this growth is equal to 215%, while the debt from the budget decreased by 99.98% for 2018-2022. A decrease in the value of receivables was also found in the “Other receivables” category. Debt for advances has fluctuated over the analysed 5 years, increasing by 2,745.45%.

To find optimal areas for improving this process, it is necessary to understand the current state of the Ukrainian

market and possible factors of external influence, which depend on the work of enterprises located both in the Khmelnytskyi region and throughout the territory of Ukraine. Currently, the activities of most enterprises are affected by quite significant and uncontrollable events. Within the framework of this stage of the analysis, a PESTEL analysis was conducted (Colgrove, 2022) (Table 1). In a general sense, the PESTEL analysis is one of the most useful tools for analysing external factors of the macro environment that can affect both the activity of the enterprise and its accounting, and the provision of appropriate reporting.

**Table 1.** PESTEL analysis of external factors of the macro environment

PESTEL elements	Factors of influence
P – Political factors	<ol style="list-style-type: none"> <li>1. State policy on accounting and auditing activities.</li> <li>2. Creation and appointment of governing authorities.</li> <li>3. Wars and crises.</li> <li>4. Cooperation with other countries.</li> </ol>
E – Economic factors	<ol style="list-style-type: none"> <li>1. Considering the development of the state economic market.</li> <li>2. Considering the level of inflation, which directly affects the value of existing receivables.</li> <li>3. Tracking interest rates for lending.</li> <li>4. For businesses, environmental responsibility is one of the main factors in building an image and attracting loyal customers.</li> <li>5. Tracking fluctuations in exchange rates, which can lead to currency risk.</li> </ol>
S – Sociocultural factors	<ol style="list-style-type: none"> <li>1. Considering the social behaviour of consumers and intermediaries, which can affect the difficulty of collecting receivables.</li> <li>2. Demographic changes affecting the size and type of the company's receivables.</li> </ol>
T – Technological factors	<ol style="list-style-type: none"> <li>1. Implementation of technological and digital accounting systems.</li> <li>2. Spreading the use of electronic payment systems.</li> <li>3. Development of data analytics programs.</li> </ol>
E – Environmental factors	<ol style="list-style-type: none"> <li>1. Changes in natural and climatic factors.</li> <li>2. Considering the current global environmental agenda.</li> <li>3. Setting up activities per environmental standards.</li> <li>4. For businesses, environmental responsibility is one of the main factors in building an image and attracting loyal customers.</li> </ol>
L – Legislative factors	<ol style="list-style-type: none"> <li>1. Changes to normative documents.</li> <li>2. Changes in tax legislation.</li> <li>3. Legislative regulation of the accounting and reporting process by the enterprise.</li> </ol>

Thus, a considerable number of factors affect the activity of the enterprise, as well as the process of accounting and tax accounting of its receivables. Moreover, understanding all factors, both external and internal, helps enterprises not only to increase their efficiency in reducing the amount of receivables, but also to avoid fraudulent actions related to falsification of internal documentation (Yang

*et al.*, 2017). And although some scholars consider receivables as an indicator of increasing sales volumes and reducing the company's inventory (Ochoa *et al.*, 2022), such a situation can easily get out of control, and current receivables can become problematic in the long term. Thus, the research showed that in accounting and tax accounting of receivables of enterprises, it is necessary to consider both internal and

external influencing factors. Considering external factors of influence is especially relevant in modern times.

As for ways to improve the accounting and tax accounting of receivables of enterprises of the Khmelnytskyi region, several potential advantages can be identified for enterprises that decide to implement them. Foremost, improving the accounting of receivables can help identify any shortcomings or inefficiencies in the current accounting and tax accounting practices of receivables, which can lead to an improvement in the overall financial management of these enterprises. Conducting this type of analysis will help determine whether the company's internal reporting and accounting controls are sufficient. Furthermore, improving the current accounting system can help avoid risks related to non-compliance with current rules and regulations, as well as tax legislation of Ukraine.

In turn, the following can be attributed to practical recommendations for improving the accounting and tax accounting of receivables of enterprises:

1. Implementation of the latest technologies and the use of accounting software, which can improve the accounting and tax accounting of receivables, thanks to the more accurate accounting of all transactions related to receivables (e.g., tracking the date and amount of the sale, terms of payment and the date of the required payment, processing payments and reconciliation of accounts, etc.).
2. Timely invoicing, which ensures that customers are aware of their payment obligations and payment terms. This is a quality tool to reduce the risks of disputes and payment delays.
3. Control over the compliance and quality of the classification of receivables, to ensure proper tax accounting.
4. Issuing invoices immediately after the sale of goods or services, to ensure timely payment and reduce the risk of payment delay or non-payment, as well as for the quality management of cash flows, to avoid the need of the enterprise for short-term credit borrowings.
5. Use of electronic payment methods to accelerate settlement transactions and reduce fraud risks.

An additional recommendation for improving accounts receivable accounting is the possibility for enterprises to contact companies that provide professional accounting and tax accounting services to obtain advice or conclude a cooperation agreement. Notably, the proposed recommendations are of a general nature and can be adjusted to the requirements of particular enterprises.

## Discussion

Carrying out accounting and tax accounting of receivables is a major area of activity of enterprises. Businesses urgently need to accurately record and manage their accounts receivable to ensure financial stability and improve operational efficiency.

Both Ukrainian and foreign researchers investigated the issue of improving accounts receivable accounting and determining the degree of importance of this process for enterprise activity. A. Okungbowa (2022), R.P. Singh *et al.*

(2021), Y. Lin *et al.* (2022), L.M. Andiola *et al.* (2022), L.P. Konovalchuk *et al.* (2022), A. Kolevatova (2022), A.P. Makarenko & D.Y. Levitska (2021) and many others.

Thus, scientists N. Štangová and A. Výchová (2021) emphasize that the report on the financial condition of the company can be built on the analysis of the company's ability to pay its obligations and receive payment for receivables. Scientists emphasize that accounts receivable is an asset of the enterprise and demonstrates that the enterprise has a prominent level of sales, which means a prominent level of liquidity. They believe that to increase the company's liquidity, it is necessary to reduce liabilities and increase the amount of receivables. The author of this study agrees with the opinion of scientists, although it is necessary to establish a process for reducing the repayment terms of receivables. That is, to ensure that receivables become the main short-term asset of the enterprise, which ensures a prominent level of liquidity.

Other foreign scientists hold a similar opinion. Thus, C.A.O. Ochoa *et al.* (2022) also believe that accounts receivable can help companies increase sales and reduce inventory balances at the company, thereby reducing storage costs, etc.

This approach to accounts receivable is inherent in many foreign enterprises. C.A.O. Ochoa *et al.* (2022) and A. Okungbowa (2022) attribute receivables to the current assets of the enterprise and believe that an increase in the amount of receivables indicates a high turnover and leads to an increase in the level of liquidity of the enterprise. The author of this study believes that in the context of Ukraine, such opinions may be inappropriate due to several factors. These include credit policy, financial spending in general, inventory management, and economic instability, especially during wartime. Given these factors, businesses in Ukraine must be careful in managing receivables, assessing the risks and costs associated with increasing receivables, and ensuring effective inventory management to ensure sales and financial stability.

The current study demonstrated that, given the high risks of moving from current receivables (which is a current asset) to the category of long-term receivables (which is a non-current asset), businesses that do not have absolute confidence in their customers, as well as in the economic and political situation in the country, it is better not to allow the volume of current debt to grow. Thus, spreading analogous foreign practices to the Ukrainian market is currently irrelevant.

However, both Ukrainian and foreign researchers emphasize the need for timely and accurate accounting of receivables (Ochoa *et al.*, 2022). Researchers M. Sangeeta and Monika (2020) note the correlation between payables and receivables of the enterprise. The authors highlighted the need to create an effective process of accounting and management of receivables, to reduce the volume of credit obligations of enterprises.

H. Holzhauer (2023) analyses the management of receivables and determines the relationship between the time



of registration of receivables and the increase in financial efficiency of the company. The author found that the timely registration of receivables leads to the improvement of the company's financial indicators, as it allows better management of cash flows and increases the ability of managers to make more informed business decisions, reducing the risks of fines. The author of the current study agrees with the opinion of H. Holzhauser (2023), and notes that effective management of receivables allows balancing expenses and income, avoid excessive delay of payments, and ensure a stable cash flow.

Thus, E.L. Hamilton and J.L. Smith (2021) focus their attention on the fact that most situations, with the provision of an inaccurate estimate and the conduct of accounting and auditing, can be associated exclusively with the human factor and the inattention of employees. E.L. Hamilton and J.L. Smith (2021) argue that auditors do not always identify accounting errors as deliberate, planned illegal activity. The authors note that auditors often, during their inspection, attribute mistakes in the accounting process to the consequences of inattention of employees, especially when it comes to processing a large amount of data. The author of this study agrees with the opinion that errors in assessment and accounting may be related to the human factor. Still, the author emphasizes that it is impossible to exclude the occurrence of fraud at the enterprise and the deliberate "admission" of valuable information regarding transactions and cash flow management.

To reduce cases of careless accounting of receivables, increasingly more scientists have been paying attention to researching technologies for improving accounting and tax accounting of receivables. In general, many studies cover the topic of improving accounting through the implementation of artificial intelligence. Thus, L. Chan *et al.*, (2022) highlight the topic of introducing artificial intelligence technologies into the process of accounting for receivables. The scientists' research is aimed at analysing the current use of artificial intelligence systems during accounting and finding ways to improve these processes. Researchers believe that artificial intelligence can be used by enterprises to improve the quality of the general accounting of the company's payables and receivables, procurement, debt collection, payment processing, generation and invoicing (Chan *et al.*, 2022).

Furthermore, this topic is investigated by H. Han *et al.* (2023). In their paper, they discuss the benefits of using technologies such as automation and artificial intelligence to improve accounts receivable management. The authors claim that the implementation of blockchain technology and artificial intelligence in the accounting process can reduce errors and increase efficiency, which will lead to improved financial performance.

Thus, the introduction of the latest computer systems and artificial intelligence into the accounting process not only reduces the time for accounting and provides an opportunity to increase the accuracy of calculations by storing and structuring large volumes of information, but also

ensures a reduction in internal violations and the occurrence of fraud. This has immense potential for application in the studied enterprises, considering the existence of enterprises in conditions of war and the transition of a certain part of the business to online (some employees continue to work, but in remote mode) (Financial information, 2023; Company reports, 2023). The author of the present paper agrees with the opinion that the use of artificial intelligence can improve work with computational operations. However, it must be noted that the use of such systems requires additional research to determine the possibility of risks associated with their use (for example, data leakage).

Possibilities of implementing improved accounts receivable accounting systems should also be regulated legislatively. Recently, many efforts have been made to improve accounting and tax accounting of receivables (Order of the..., 1999; Tax Code of Ukraine, 2010). According to the author of this paper, understanding the processes of accounting and tax accounting of receivables of Ukrainian enterprises is critically important not only for increasing their efficiency, but also for the economic development of the country. Governments also rely on accurate accounts receivable reporting to properly collect taxes and monitor economic activity.

In general, the latest studies aimed at investigating this issue emphasize the importance of implementing technology (for example, the use of blockchain technologies, the use of artificial intelligence, etc.), achieving accuracy, completeness, and correctness of records, compliance with the rules of tax accounting and regulatory oversight to improve accounts receivable accounting. Provided that the management of the analysed enterprises is not sure about the construction of the optimal algorithm for the implementation of artificial intelligence and blockchain technology during accounting for receivables, it will be appropriate to contact specialized companies for consultation and construction of the main tasks.

Thus, the results of this study demonstrated that when improving accounting and tax accounting of receivables, one should consider all possible factors of influence, and look for optimal accounting mechanisms. Improvement of accounts receivable accounting is relevant for companies operating in various industries and jurisdictions, which leads to the selection of accounting mechanisms separately for each enterprise, depending on its tasks. However, there should be a clear understanding of the importance of correct accounting and tax accounting of accounts receivable for the adoption of reasonable business decisions and compliance with regulatory requirements and legislation of Ukraine.

## Conclusions

The results of the study demonstrated the difference in the foreign and Ukrainian understanding of the accounting and tax accounting of the company's receivables. In Ukraine, the tax accounting of receivables involves the recognition of income for tax purposes only when the

receivables are collected, not when they arise. This differs from accounting, which recognizes revenue when it is generated, regardless of whether payment has been received. Furthermore, within the framework of Ukrainian practice, receivables can refer to both current and non-current assets of the enterprise.

More often, Ukrainian enterprises seek to reduce the volume of current receivables due to the assumption of the possibility that it may move to the category of long-term debt and harm the financial stability of the enterprise. The analysis of the enterprises that served as the basis for the current study showed that in recent years, the work with receivables has become much more difficult. This is caused by the unfavourable economic situation in the country, which is caused by a protracted crisis, which affects the level of income, the number of profitable enterprises, demographic changes, as well as the level of inflation. However, despite the difficult conditions, Ukrainian enterprises continue to work, trying to restore their level of efficiency. One of the primary areas of achieving liquidity and efficiency of the enterprise is precisely the work with accounting of receivables. Thus, within the framework of this study, it was established that modern approaches to accounting for receivables of enterprises of the Khmelnytskyi region are insufficiently effective. The main areas that enterprises

should pay attention to are the involvement of professional companies in the field of accounting and work on the implementation of the latest technologies. This can considerably impact the efficiency of work with receivables, to reduce those debts that enterprises can influence.

Thus, based on the researched information, several practical recommendations have been proposed to improve the accounting and tax accounting of receivables of enterprises. These recommendations include the use of the latest technologies and software; timely invoicing; control over compliance and quality of accounts receivable; work with professional firms in the field of accounts receivable; use of electronic payment methods; control over compliance with tax legislation; carrying out regular reconciliation of receivables and tracking the terms of repayment of receivables.

In general, the results of the study emphasize the need to pay priority attention to the improvement of accounting and tax accounting of receivables both for enterprises of the Khmelnytskyi region and for other enterprises of Ukraine.

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## Conflict of Interest

None.

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## Удосконалення бухгалтерського та податкового обліку дебіторської заборгованості

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**Анотація.** Актуальність наукової статті зумовлена тим, що розглядається важливість ефективного управління дебіторською заборгованістю для забезпечення фінансової стабільності. Зниження ризику неплатоспроможності, покращення ліквідності, збільшення оборотних активів, зміцнення довіри та репутації, а також макроекономічний вплив – це ключові механізми, через які ефективне управління дебіторською заборгованістю сприяє фінансовій стабільності підприємств та країни в цілому. Метою наукової статті є знаходження шляхів удосконалення роботи з дебіторською заборгованістю підприємств, що здійснюють свою діяльність у Хмельницькій області України. В якості методології роботи обрано такі інструменти здійснення дослідження як: аналіз, синтез та PESTEL-аналіз. Результати науково-дослідницької роботи продемонстрували, що будь-якому підприємству критично важливо вміти якісно здійснювати облік своєї дебіторської заборгованості, задля уникнення ризику отримання податкових штрафів та нарахування пені. Впроваджуючи нові механізми удосконалення обліку дебіторської заборгованості, підприємства здатні отримувати більш точну фінансову звітність, покращувати управління

грошовими потоками, забезпечувати своєчасну оплату послуг та товарів від клієнтів, покращувати дотримання податкового законодавства України, що призводить до підвищення їхньої економічної ефективності. Облік дебіторської заборгованості враховує також й облік кредитного рейтингу клієнтів, що дає підприємствам уявлення про напрями розвитку, та слугує основою роботи по управлінню коштами. Більш того, добре налагоджений процес роботи підприємств, з точки зору уникнення появи заборгованостей через удосконалення податкового та бухгалтерського обліку, також може допомогти уряду Хмельницької області більш ефективно (своєчасно та в повному обсязі) збирати податки та сприяти розвитку громадської інфраструктури та наданню послуг у регіоні. Значущість отриманих результатів полягає у потенційному сприянні побудови більш міцної та сталої фінансової системи Хмельницької області

**Ключові слова:** надходження грошових коштів; уникнення банкрутства; економіка; фінансова стабільність; кредитування

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