UDC 657:336.764
JEL Classification: A13; E44; E62
DOI: https://doi.org/10.32983/2222-4459-2025-3-240-251

ETHICAL AUDIT OF THE USE OF DERIVATIVES IN TAX STRATEGIES

© 2025 **SHYSHKOVA N. L., NECHAI N. M., SHYSHKOVA D. S.**

UDC 657:336.764
JEL Classification: A13; E44; E62

Shyshkova N. L., Nechai N. M., Shyshkova D. S. Ethical Audit of the Use of Derivatives in Tax Strategies

This article examines auditors' actions in response to ethical and legal risks associated with the use of derivative contracts, particularly in tax planning, as a key factor in ensuring transparency and the quality of financial reporting. The aim of this study is to define audit procedures, indicators, and information sources that enable an assessment of the ethical implications of using derivatives in tax strategies. The authors identify the ethical compliance requests for all parties involved in derivative transactions and propose specific actions of internal and independent auditors to ensure adherence to ethical standards and regulatory frameworks. The article highlights auditors' responsibilities in detecting attempts to manipulate or conceal information, emphasizing key aspects of the audit process aimed at protecting against financial, currency, and commodity risks while ensuring transparency and legal compliance. A list of working documents is proposed to facilitate effective control, analysis, and verification, helping to prevent unethical or illegal transactions involving derivatives. The types of risks that the ethical use of derivative contracts in tax strategies can mitigate are also identified. Additionally, the article outlines the stages of tax planning in derivative transactions, emphasizing ethics, transparency, and legal compliance at each step. Special attention is given to the collaboration between auditors and management in uncovering the intentions and principles guiding the use of derivatives in tax strategies. The proposed questionnaire consolidates key information for auditors to assess the ethical aspects of risk hedging and highlights potential issues or risks related to tax obligation manipulation. Thus, systematic risk identification and structured audit procedures contribute to detecting attempts at information manipulation or concealment, ultimately ensuring the ethical and legal use of derivative transactions.

Keywords: *ethics, tax planning, derivative contracts, auditor, transparency.*

Fig.: *1.* ***Tabl.:*** *6.* ***Bibl.:*** *10.*

Shyshkova Nataliia L. *– Candidate of Sciences (Economics), Associate Professor, Associate Professor of the Department of International Relations and Audit, National Technical University "Dnipro Polytechnic" (19 Dmytra Yavornytskoho Ave., Dnipro, 49005, Ukraine)*
E-mail: *shyshkova.n.l@nmu.one*
ORCID: *https://orcid.org/0000-0002-6675-8223*
Researcher ID: *B-2413-2019*

Nechai Nataliia M. *– Senior Lecturer of the Department of Foreign Languages, National Technical University "Dnipro Polytechnic" (19 Dmytra Yavornytskoho Ave., Dnipro, 49005, Ukraine)*
E-mail: *nechai.n.m@nmu.one*
ORCID: *https://orcid.org/0000-0003-2978-1456*
Researcher ID: *D-4872-2019*

Shyshkova Diana S. *– Student, National Technical University "Dnipro Polytechnic" (19 Dmytra Yavornytskoho Ave., Dnipro, 49005, Ukraine)*
E-mail: *shyshkova.d.s@nmu.one*
ORCID: *https://orcid.org/0000-0001-6673-8196*

УДК 657:336.764
JEL Classification: A13; E44; E62

Шишкова Н. Л., Нечай Н. М., Шишкова Д. С. Аудит етичності використання деривативів у податкових стратегіях

Стаття присвячена узагальненню дій аудиторів у відповідь на існуючі ризики етичності та законності використання деривативних контрактів, у т. ч. для податкового планування – як ключового елемента забезпечення прозорості та якості фінансової звітності. Метою статті є визначення аудиторських процедур, показників, джерел інформації, що дозволяють оцінити етичність використання деривативів у податкових стратегіях. Автори визначають вимоги дотримання етичних норм для всіх сторін, залучених до транзакцій з похідними інструментами, і пропонують конкретні дії внутрішніх і незалежних аудиторів для забезпечення дотримання етичних стандартів і нормативної бази. У статті висвітлено обов'язки аудиторів у виявленні спроб маніпулювання або приховування інформації; наголошено на ключових аспектах процесу аудиту, спрямованих на захист від фінансових, валютних і товарних ризиків, забезпечуючи при цьому прозорість і відповідність законодавству. Пропонується перелік робочих документів аудитора, що дозволяють здійснювати ефективний контроль, аналіз і перевірку для запобігання шкідливій практиці приховування неетичних чи незаконних операцій з деривативами. Встановлено види ризиків, які етичне використання деривативних контрактів у податкових стратегіях можуть мінімізувати. Запропоновано етапи організації податкового планування в операціях з деривативами з акцентом на етичність, прозорість і дотримання законодавства на кожному етапі. Особлива увага приділяється формату співпраці між аудиторами та управлінським персоналом для розкриття намірів та принципів, за якими здійснюється використання деривативів у контексті податкових стратегій. Запропонована анкета узагальнює інформацію для оцінки аудитором етичності хеджування ризиків, висвітлює потенційні проблеми чи ризики щодо маніпуляцій з податковими зобов'язаннями. Таким чином, ідентифікація ризиків, системний підхід у діяльності аудиторів сприяють виявленню спроб маніпулювання чи приховування інформації, встановленню етичності та законності операцій з деривативами.

Ключові слова: *етичність, податкове планування, деривативні контракти, аудитор, прозорість.*

Рис.: *1.* ***Табл.:*** *6.* ***Бібл.:*** *10.*

Шишкова Наталія Леонідівна *– кандидат економічних наук, доцент, доцент кафедри міжнародних відносин і аудиту, Національний технічний університет «Дніпровська політехніка» (просп. Дмитра Яворницького, 19, Дніпро, 49005, Україна)*
E-mail: *shyshkova.n.l@nmu.one*
ORCID: *https://orcid.org/0000-0002-6675-8223*
Researcher ID: *B-2413-2019*

Нечай Наталія Михайлівна *– старший викладач кафедри іноземних мов, Національний технічний університет «Дніпровська політехніка» (просп. Дмитра Яворницького, 19, Дніпро, 49005, Україна)*
E-mail: *nechai.n.m@nmu.one*
ORCID: *https://orcid.org/0000-0003-2978-1456*
Researcher ID: *D-4872-2019*

Шишкова Діана Станіславівна *– студент, Національний технічний університет «Дніпровська політехніка» (просп. Дмитра Яворницького, 19, Дніпро, 49005, Україна)*
E-mail: *shyshkova.d.s@nmu.one*
ORCID: *https://orcid.org/0000-0001-6673-8196*

For auditors, ethics form the foundation of honesty, transparency, and reliability in auditing practices, thereby contributing to the stability of financial markets and economic development. However, when complex financial instruments such as derivative contracts are used for hedging or speculation, there is a risk that aspects of their potentially unethical but legally permissible use in tax strategies may be concealed from auditors.

Businesses may make errors due to the complexity of accounting for derivatives, obscure the true economic impact of transactions, or attempt to distort financial information – even when derivatives are not specifically used for tax minimization or profit manipulation. Furthermore, some companies fail to provide sufficient information due to inadequate internal controls and verification processes, which may allow unethical and, at times, illegal practices to go undetected.

As a result, these issues must be a focal point for auditors, necessitating specific procedures and tools to uncover attempts at manipulation or concealment. Moreover, ethics in auditing is closely tied to financial monitoring requirements, as both aim to ensure transparency, reliability and legal compliance.

The relevance of this topic is driven by the increasing use of derivatives in corporate tax strategies, which heightens the risks of tax evasion and financial statement manipulation. Additionally, there is a growing need to enhance legal regulations to prevent abuse in the derivatives market, as well as heightened public and governmental scrutiny regarding ethical practices in financial activities, including auditing. This, in turn, reinforces the demand for greater transparency and accountability in tax planning.

Analysis of Recent Research and Publications. Assessing the ethics of using derivatives in tax strategies is a complex, multifaceted issue requiring a comprehensive approach. This includes examining legal and regulatory aspects of derivative use in tax strategies, as well as evaluating the impact of auditor ethics not only on the quality and transparency of financial reporting but also on social justice. An analysis of academic sources reveals that these issues are primarily studied in three key areas: professional ethics in accounting [1; 2; 3], the development of the market for derivative financial instruments [4; 5], and the role of auditing in enhancing financial transparency [6; 7; 8].

The significance of professional ethics for accountants [1] lies in its provision of moral guidelines and standards of conduct that enable ethical decision-making. Adherence to these principles helps maintain trust in financial statements and prevents practices that may be perceived as tax evasion or financial data manipulation. This, in turn, ensures a balance between the efficiency of tax strategies and compliance with social and legal norms. Additionally, professional ethics play a crucial role in auditing and financial transparency [2,3], not only fostering integrity in financial statement audits but also forming long-term relationships between audit firms and their clients. Ethical compliance enhances trust in audit outcomes, which is essential for investors, regulators, and society at large.

A review of the development of Ukraine's financial derivatives market [4] provides insights into its formation and operational mechanisms, helping to define the regulatory, legal, and institutional frameworks that influence businesses' ability to optimize tax obligations through derivatives. This analysis also highlights potential risks associated with insufficient oversight, which may lead to ethical violations and abuses in tax planning. From a theoretical and evolutionary perspective, studying the role of derivatives in stock market development [5] helps clarify the mechanisms through which derivatives impact the market, regulatory policies, and ethical challenges in tax strategies. This distinction is essential in delineating legitimate financial optimization from market manipulation or tax evasion.

In Ukraine, despite improvements in financial reporting due to audit evaluations, significant shortcomings persist [6]. In response to current trends in audit firm efficiency, measures are being explored to enhance the quality of audits conducted by professional securities market participants to promote financial transparency. Modern financial monitoring trends in auditing [7] facilitate proper oversight of financial transactions and the detection of suspicious activities, thereby mitigating the risks of financial crimes. Since auditors and financial monitoring bodies are responsible for identifying and analyzing major financial transactions, these practices contribute to greater market transparency and reliability. However, only the implementation of a comprehensive control system can ensure compliance with legal and regulatory requirements, minimize legal and financial risks, and foster the stability and transparency of financial markets [8].

The regulatory framework [9; 10] establishes the legal parameters governing financial instruments markets and tax policies. This framework enables the evaluation of legal opportunities for utilizing derivatives in tax strategies while also assessing the ethical implications of such practices. Ensuring compliance with tax obligations and preventing manipulative strategies for tax evasion remain key considerations in the ethical use of derivatives.

Identifying Previously Unresolved Aspects of the Issue. Determining the ethicality or unethicality of using derivatives in tax planning is a complex task, as it requires consideration of multiple factors. These include an assessment of internal business processes, risk management strategies, compliance with legal requirements, and the transparency of financial reporting. However, by applying specific indicators and verification procedures, it is possible to evaluate the ethical implications of these transactions to a significant degree. The key unresolved issue remains the definition of the boundary between the legitimate use of derivatives as risk-hedging instruments and their misuse for tax evasion. Establishing clear ethical standards in auditing practices can play a crucial role in addressing this challenge. To achieve this, it is necessary to define the control environment, outline key aspects of auditing the ethics of tax planning through derivative contracts, develop a structured audit program, and propose audit working documents to detect violations related to using derivatives in tax planning.

Statement of Purpose. The aim of this study is to identify the procedures and indicators that determine whether the use of derivatives in tax strategies aligns with ethical and legal standards. Beyond assessing legality, the study also explores the moral aspects of such practices and the role of auditors in ensuring transparency and accountability. The research seeks to develop practical recommendations for strengthening control mechanisms and designing audit working documents that facilitate the evaluation of ethics and compliance in the use of derivative contracts in alignment with the expectations of regulators and stakeholders.

Methodology (Structure and Sequence of the Study). This research adopts a comprehensive approach, integrating complementary methods to achieve more detailed and practically applicable results. A regulatory analysis of legislation and international standards was conducted to identify the key actors responsible for upholding ethical standards when using derivatives in tax planning. Methods such as identification and system analysis were used to define audit objectives and key aspects of detecting attempts to manipulate or conceal information. These findings were then translated into a structured set of auditor's working documents, an audit program, and a questionnaire to assess the ethics of risk hedging through derivatives in tax planning. Additionally, synthesis was employed to identify potential ethical violations in tax planning and to pinpoint key indicators that may signal misconduct.

Presentation of the Main Material and Scientific Findings. Determining the ethicality of risk hedging practices through derivatives is feasible when clear criteria and processes are in place. The use of such financial instruments should be justified by genuine economic needs – such as protecting against currency, price, or interest rate risks – and must adhere to principles of transparency and legality. If derivative transactions are directly tied to real risks, and their financial and tax implications reflect the company's actual financial position, this serves as an indicator of ethical conduct.

Conversely, unethical practices emerge when derivatives are used primarily to artificially minimize tax obligations without legitimate economic justification. This includes transactions aimed at generating tax benefits without real risk hedging, manipulating market prices, or distorting financial results to reduce tax liabilities. A key example of such unethical behavior is the execution of pre-planned fictitious transactions between related entities, which is designed to exploit tax advantages. These activities typically lack transparency, involve financial reporting manipulation or violate legal standards.

Maintaining a high level of internal control and ensuring the transparency and accuracy of financial reporting significantly increase the likelihood that derivative transactions are conducted ethically. On the other hand, inadequate internal controls and reporting manipulation are strong indicators of ethical breaches. In this case, businesses engaged in unethical practices not only face legal consequences – such as fines, sanctions, or criminal liability – but also risk reputational damage, leading to diminished trust of investors, shareholders, customers, and other stakeholders.

Thus, the key determinants of ethical derivative use include the presence of robust internal control mechanisms, independent audits, and the implementation of clear policies and procedures for derivatives trading. A thorough audit and verification process based on clearly defined indicators and procedures is essential for accurately assessing whether derivatives are used ethically in tax planning. However, this requires a comprehensive approach and an objective evaluation of all relevant aspects – from economic necessity to tax implications. Given the complexity of derivative transactions and their potential for manipulations, ethical assessment is achievable but demands rigorous and detailed scrutiny.

The table below (*Tbl. 1*) outlines the key stakeholders responsible for ensuring ethical compliance in derivative transactions. It also highlights the critical questions that must be addressed and the procedures necessary to uphold ethical standards in tax planning.

Table 1

Control Environment for Ethical Use of Derivatives in Tax Planning

No.	Stakeholders Responsible for Ethical Compliance	Key Questions to Address	Procedures to Ensure Ethical Compliance
1	2	3	4
1	Business Leaders (CEO, CFO)	1. Is there a genuine need to use derivatives for risk hedging?	Assessment of the company's financial strategy and business plan to determine the legitimacy of derivative use
		2. Do derivative transactions correspond to actual economic risks?	Evaluation of the company's real economic risks and the appropriateness of hedging strategies
		3. Are derivatives used solely for tax optimization without real economic justification?	Examination of financial and tax reports to identify manipulations aimed at reducing tax liabilities
2	Financial Directors, Heads of Accounting and Tax Planning	1. Do derivative transactions have legitimate economic justification?	Review of contracts and transactions to confirm genuine financial risk hedging
		2. Is there a detailed justification for each derivative transaction?	Assessment of internal documentation supporting hedging strategies
		3. Are tax liabilities minimized through artificial transactions?	Analysis of financial statements, tax returns, and audit reports to detect potential manipulations
3	Legal Department	1. Do derivative transactions comply with national and international laws?	Review of legal contracts and agreements for regulatory compliance, supplemented by external legal audits
		2. Are there potential legal violations related to tax liabilities?	Examination of tax fillings and legal consultations to identify compliance risks
4	Auditors (Internal and External)	1. Are there violations of accounting and financial reporting standards in derivative transactions?	Conducting financial audits and analyzing tax returns
		2. Is an adequate level of transparency maintained in derivative transactions?	Evaluating financial reports for transparency and compliance with financial regulations
		3. Is there sufficient internal control over derivative transactions?	Assessment of internal control effectiveness, review of audit protocols
5	Tax Consultants and External Advisors	1. Are recommendations in accordance with ethical and legal standards?	Examination of advisory opinions for compliance with ethical and legal requirements
		2. Are strategies suggested that avoid tax liabilities without real economic basis?	Review of tax strategies to detect potential manipulative schemes

End tbl. 1

1	2	3	4
6	Shareholders and Investors	1. Is there transparency regarding the use of derivatives in tax planning?	Evaluation of financial disclosures, shareholder reports, and investor communication
		2. Are there reputational risks due to unethical practices?	Analysis of corporate reports, assessment of reputational risks, consultation with external advisors
7	Risk Management Managers	1. Do hedging strategies align with the company's actual risks?	Verification of the enterprise risk assessments and internal risk management documents
		2. Are derivatives used primarily to minimize tax liabilities rather than address genuine risks?	Review of transactions and contracts to detect artificial tax reduction schemes

Source: compiled by the authors based on [2; 3; 6; 9].

Therefore, establishing a framework of responsible individuals who must adhere to ethical standards – including all participants in financial management, legal support, auditing, tax planning and financial decision-making related to derivatives – helps ensure ethical compliance. This involves outlining the key questions that need to be addressed to determine whether ethical standards are being upheld and whether derivatives are being used for legitimate purposes rather than for illegal or unethical activities.

Furthermore, defining procedures to safeguard ethical conduct – such as audits, internal controls, legal document verification, expert consultations, and transparency measures – enables a systematic assessment of derivative transactions. These mechanisms play a crucial role in preventing ethical violations.

Auditors, both internal and independent, bear the responsibility of identifying attempts to manipulate or conceal information. Their work must be structured to achieve the following objectives:

1. *Analysis of suspicious changes in financial statements* – comparing financial reports across different periods to detect significant fluctuations that cannot be justified by real economic events; investigating abnormal profits or losses from derivatives transactions.
2. *Review of internal controls and procedures* – assessing the existence and effectiveness of internal control systems to ensure the transparency of all financial operations.
3. *Application of analytical procedures* – examining relationships between revenue, expenses and tax liabilities to identify inconsistencies that contradict standard economic principles, which may indicate unethical behavior and warrant further scrutiny.
4. *Management inquiries and document verification* – reviewing contracts and internal records for clarity, accuracy, and compliance, thereby uncovering potential unethical or illegal practices.
5. *Engagement of external consultants and experts* – evaluating aggressive tax optimization strategies, analyzing complex financial instruments, and obtaining legal opinions on questionable derivative transactions.

Auditors have access to various tools for detecting unethical practices in the use of derivatives for tax planning. Effective auditing requires a systematic approach that includes financial and tax report analysis and robust internal controls to identify attempts to manipulate data or evade tax obligations. To prevent the concealment of unethical or illegal derivative transactions, auditors should diligently compile and maintain working papers that facilitate effective monitoring, investigation, and auditing (*Tbl. 2*).

Audit working papers serve as a foundation for identifying anomalies in accounting and tax liabilities. They enable the verification of whether a business entity has genuine economic risks that require hedging or whether there are manipulations aimed at minimizing tax liabilities. Any unnatural changes in financial documents may signal the need for a more detailed inspection, helping to detect potential deviations from ethical or legal norms and providing safeguards against harmful practices. The key aspects of auditing the ethics of tax planning through derivative contracts are illustrated in *Fig. 1.*

Tax planning using derivatives is feasible when conducted within the framework of legal regulations and standards, adhering to principles of integrity and transparency. It is crucial that such actions do not serve as a tool for tax avoidance through legal loopholes, as this may be deemed unethical by auditors. For a company, the ethical use of derivative contracts in tax planning involves strategies that aim not at avoiding taxes but at ensuring financial stability and mitigating risks arising from fluctuations

Table 2

Audit Working Papers for Identifying Violations in the Use of Derivatives in Tax Planning

No.	Working Document	Purpose of the Document
1	Financial statements	To detect unnatural fluctuations in income, expenses, and tax liabilities, as well as to identify profit/loss manipulation through derivatives
2	Tax returns and reports	To assess the alignment between tax liabilities and actual economic results, identifying potential tax avoidance attempts through derivative manipulation
3	Contracts and derivative agreements	To evaluate whether the derivatives hedge real economic risks and whether the agreements comply with company policies and legal regulations
4	Documents confirming economic risks (e. g. financial forecasts, business plans)	To verify whether derivative agreements correspond to the company's actual economic risks and align with its business strategy
5	Internal policies and procedures for derivative use	To ensure that the company adheres to established internal standards when engaging in derivative transactions and to detect potential unethical practices
6	Internal audit and inspection reports	To assess the effectiveness of internal controls and identify potential weaknesses in hedging policies or tax compliance
7	Legal advice and external expert opinions	To determine whether external advisors have provided questionable recommendations for tax optimization through derivatives without legitimate economic justification
8	Accounting and financial documents	To verify the accurate accounting of derivative transactions in compliance with financial reporting and tax regulations
9	Reports from independent consultants and auditors	To confirm that external oversight mechanisms are in place and that all transactions adhere to regulatory and ethical standards
10	Documentation supporting the purpose and justification of hedging	To ensure that derivatives are used for genuine economic risk management rather than merely for tax avoidance
11	Reports on complex financial instruments (e.g. swaps, hybrid contracts)	To analyze legality, transparency, and strategic alignment of complex derivative transactions

Source: compiled by the authors based on [1–3; 6].

in market prices, exchange rates, and other economic variables.

Most of these strategies involve hedging the following types of risks:

1. *Hedging currency risks* – when a company is engaged in international trade, it can use currency futures contracts or options to protect against exchange rate fluctuations. This helps stabilize cash flows and allows for accurate forecasting of expenses and revenues in different currencies.
2. *Hedging interest rate risk* – if a company has significant floating-rate debt, it can use interest rate swaps or futures contracts to lock in fixed interest rates for the future. This minimizes risks associated with interest rate fluctuations and ensures predictability in debt servicing costs, thereby stabilizing financial performance.
3. *Hedging price risk* – companies operating in industries dependent on commodity prices (such as oil, metals, or agricultural products) can use futures contracts to lock in prices. This reduces the volatility of costs and revenues caused by unpredictable market price fluctuations.
4. *Hedging inventory risk* – when a company holds large inventories of raw materials or goods, it can use derivatives to hedge against price declines. Instruments such as put options, futures, or forward contracts on raw materials help prevent losses in the event of a price drop.

Thus, the ethical use of derivative contracts enhances a company's financial stability, mitigates the risks associated with currency fluctuations, and allows for more precise tax planning. When derivative transactions are used solely to manage financial, currency,

Legality and Compliance with Tax Regulations	If tax planning is conducted within the framework of existing legislation and serves to minimize tax liabilities, it can be considered ethical from an accounting perspective. However, when derivatives are used for tax reduction purposes, it is essential that these transactions comply with both national tax laws and international standards, such as BEPS (Base Erosion and Profit Shifting)
Transparency and Integrity	The ethical nature of tax planning depends on the transparency of these operations. If tax strategies conceal true intentions or employ overly complex structures to avoid taxation, they may be deemed unethical, even if they do not explicitly violate the law. Integrity in dealing with tax authorities and society is a fundamental ethical principle
The Risk of "Tax Optimization"	Derivatives, as financial instruments, can be used either to hedge risks or to achieve specific financial objectives. However, ethical concerns may arise when derivative contracts are employed solely for tax optimization – such as artificially generating losses to reduce tax obligations. Even if such practices are technically legal, they may still be perceived as aggressive tax avoidance
Characteristics of Derivatives	Derivative contracts are complex financial instruments that can serve both hedging and speculative purposes. Using derivatives to lower tax liabilities must be well-justified, and accountants must adhere to professional ethical principles such as objectivity, independence, and integrity
International Standards and Regulation	According to International Financial Reporting Standards (IFRS), it is crucial that all derivative transactions are properly documented in financial statements and meet the principles of fairness and transparency. Ukraine also has legal provisions regulating the use of derivatives and financial instruments for tax planning (Tax Code, National Accounting Regulation (Standard)), and compliance with these rules is essential to maintaining the ethical integrity of such transactions

Fig. 1. Key Aspects of Auditing the Ethics of Tax Planning Through Derivative Contracts

Source: compiled by the author based on [1–3; 6].

and commodity risks – rather than for tax avoidance – they align with ethical standards and meet the requirements of transparency and legality.

Tbl. 3 outlines a step-by-step approach to tax planning through derivative contracts for an agro-industrial enterprise. Thus, tax planning through derivatives must consider ethics, transparency, and legal compliance at every stage. Therefore, before deciding to use derivatives, a company should assess existing risks to determine where financial instruments are necessary to mitigate volatility (Stage 1). Following this risk assessment, the company selects the appropriate type of derivative contract – forward, futures, option, or swap – that best suits its hedging needs. This selection process should consider factors such as the market of execution (organized or over-the-counter market, domestic or international) and the contract type (deliverable, cash-settled, or hybrid). The contract execution phase must be thoroughly documented, ensuring that all legal and financial aspects are accounted for. In Stage 4, derivative transactions should be accurately recorded in the company's accounting system to ensure the correct determination of tax liabilities. Assessing tax implications involves analyzing how hedging through derivatives affects the company's taxation, particularly in terms of profit and loss calculations.

A crucial aspect of this process is the ongoing monitoring of the effectiveness of derivatives, allowing companies to adjust their strategy in response to emerging risks or regulatory changes.

The following questionnaire is proposed for management to evaluate the ethics of hedging corporate risks using derivatives in tax planning. This form helps disclose the intentions and principles guiding the company's use of derivatives in tax planning (*Tbl. 4*).

The proposed list of questions should assist auditors in gathering the necessary information to assess the ethicality of risk hedging and tax planning, as well as identifying potential issues or risks related to the manipulation of tax obligations.

To ensure that hedging a company's risks through the use of derivatives in tax planning adheres to ethical standards, auditors should conduct additional procedures to evaluate the quality of decisions made, their compliance with legal requirements, and adherence to ethical norms. These procedures will help auditors confirm the legality of derivative trans-

Table 3

Tax Planning Using Derivatives

Stage	Description of Action	Type of Derivative Contract	Purpose and Tax Consequences
1. Risk Assessment	The enterprise analyzes financial and currency risks that may impact income and expenses	–	Identifying key risks for further hedging and tax planning
2. Selection of the Type of Derivative	The enterprise chooses an appropriate derivative contract – forward, futures, option, or swap – based on the identified risks	Forward contract, futures, option, swap	Using derivatives to mitigate tax risks related to currency or pricing fluctuations
3. Contract Execution	The enterprise enters into a derivative contract (forward, futures, option, or swap) for a specified term with conditions that minimize financial risks	Forward currency contract, futures on raw materials	Defining terms that help stabilize the tax liabilities through consistent financial results
4. Transaction Registration	All derivative transactions must be properly recorded in the company's accounting system, reflecting their impact on financial and tax results	All types of derivatives	Accurate accounting for financial statements and tax calculations
5. Assessment of Tax Consequences	Evaluating the tax implications of the derivatives used, including their effect on company profits or losses	Forward contracts on currencies and raw materials	Identifying tax advantages from hedging (e.g., reduced exchange rate losses or stable taxable income)
6. Tax Reporting	The enterprise incorporates hedging results into its tax reports, ensuring compliance with tax regulations	Final outcome of derivative use	Filing accurate reports reflecting gains or losses from derivatives and their tax impact
7. Verification and Monitoring	Ongoing monitoring of the effectiveness of derivative contracts and their influence on financial and tax outcomes	All types of derivatives	Assessing financial results and tax compliance in response to market legislative changes

Source: compiled by the authors based on [4; 6; 7; 9].

Table 4

Questionnaire for Assessing the Ethicality of Hedging Corporate Risks Through Derivatives in Tax Planning

No.	Question	Answer/ Comment
1	2	3
1	What are the main objectives of using derivatives in your company (e. g., hedging currency risks)?	
2	Does the company have a genuine need to hedge currency or other risks covered by derivatives?	
3	Are derivatives used for transactions that do not correspond to actual business operations involving currency or other risks?	
4	What mechanisms are in place to monitor the use of derivatives and ensure compliance with ethical standards?	
5	How often does the company review its hedging strategies for compliance with legislation and ethical guidelines?	
6	Does the company engage internal or external consultants to assess the ethical and legal validity of using derivatives in tax planning?	
7	Can the company demonstrate that its derivative transactions are solely intended for risk mitigation rather than tax optimization?	

End tbl. 4

1	2	3
8	Does the company use derivatives to create artificial losses to reduce tax liabilities?	
9	How is reporting on the use of derivatives conducted, and is there a clear distinction between real transactions and those carried out for tax purposes?	
10	What ethical principles and policies does the company follow when implementing tax planning strategies using financial instruments?	
11	Has an internal or external review been conducted to evaluate the effectiveness and ethical implications of risk hedging through derivatives?	
12	Does the company assess the risks of manipulation or fraud when using derivatives for tax planning?	
13	How does the company ensure compliance with tax regulations when using derivatives for hedging?	
14	Has the company ever faced scrutiny from tax authorities regarding its use of derivatives? If so, how was this issue resolved?	
15	What steps is the company prepared to take to ensure maximum transparency and adherence to ethical standards in its future use of derivatives?	

Source: compiled by the authors based on [1; 3].

actions and assess their ethicality, considering the broader context of corporate responsibility and regulatory interactions.

Tbl. 5 presents a structured overview of verification procedures, outlining the methods and sources of information used in the assessment.

Therefore, a comprehensive audit program encompasses various aspects of ethics and legal compliance in the use of derivatives for tax planning. By following these procedures, auditors can conduct a thorough evaluation of a company's risk management and tax planning practices.

Table 5

Program for Auditing the Ethics of Hedging Corporate Risks Through the Use of Derivatives in Tax Planning

No.	Verification Procedure	Verification Method	Information Sources
1	2	3	4
1	Analysis of hedging policy	Assessment of the existence and content of the risk hedging policy	Internal company documents (hedging policy, financial strategy)
2	Verification of the purposes of using derivatives	Examination of documents confirming the objectives of derivative use	Contracts, reports, internal justifications
3	Verification of the actual need for hedging	Comparison with market standards, analysis of financial and economic indicators	Financial statements, industry benchmarks
4	Verification of financial results from derivatives	Review of accounting records, assessment of the impact of derivatives on financial performance	Balance sheets, profit and loss statements, contract documents
5	Analysis of tax returns and reporting	Evaluation of how derivatives affect the company's tax liabilities	Tax returns, financial statements
6	Verification of internal controls	Assessment of existing control procedures and the internal audit system	Internal audit reports, policies, and procedures
7	Assessment of legal compliance in derivative transactions	Review of compliance with legal, tax, and financial regulations	Legal documents, external consultant reports, contract documentation
8	Detection of manipulation and abuse	Analysis of transactions for artificial losses, profit shifting, or price manipulation	Reports, contracts, accounting records

End tbl. 5

1	2	3	4
9	Examination of financial transparency and corporate social responsibility	Review of reports to ensure transparency in the use of derivatives	Financial reporting, corporate social responsibility (CSR) reports
10	Analysis of consultations with tax and legal specialists	Review of external consultations, their conclusions, and recommendations	External advisory reports, legal and tax consultant evaluations
11	Assessment of whether derivative transactions align with real economic risks	Analysis of the economic justification for using derivatives in business processes	Business plans, economic justifications
12	Involvement of external experts for additional verification	Conducting independent audits, engaging external experts to assess ethical considerations	External expert report, audit firm consultations
13	Analysis of the impact of derivatives on shareholder and partner trust	Assessment of reputational risks associated with the use of derivatives in tax strategies	Interviews with shareholders, partners, market research
14	Investigation of potential tax fraud practices	Evaluation of tax optimization strategies, identification of potential illegal schemes	Tax returns, audit reports, internal documents
15	Review of risk management policies and responsibility for derivative transactions	Assessment of risk management frameworks and accountability in financial transactions	Internal risk management documents, audit reports

Source: compiled by the authors based on [1–3; 6].

Tbl. 6 organizes key indicators of ethical violations that may arise when using derivatives for tax planning.

Thus, there is a clear link between indicators of ethical violations and sources of information, allowing auditors to effectively assess the use of derivatives in tax planning. Additionally, the existing institutional framework remains insufficient to mitigate the risks of abuse in fictitious transactions involving derivative contracts. A significant share of such contracts in Ukraine is concluded outside organized markets (stock and commodity exchanges), without the involvement of investment firms, and without reporting to a trade repository. Despite the existing legislative framework [9], such an institution has yet to be fully established. As a result, the absence of independent record-keeping and reporting on derivative contracts creates opportunities for manipulating dates, prices, and other transaction parameters, enabling the artificial formation of pre-planned financial outcomes.

Table 6

Potential Ethical "Bottlenecks" in the Use of Derivatives for Tax Planning

No.	Indicator of Ethical Violations	Relevant Documents for Inspection
1	2	3
1	Use of derivatives without an actual economic risk	Business plan, risk hedging policy, derivative agreements
2	Artificial creation of losses or profits to reduce tax liabilities	Tax returns, financial statements, profit and loss statements
3	Minimization of tax liabilities through non-transparent transactions	Financial statements, accounting records, audit reports
4	Use of complex financial instruments without a clearly defined purpose	Derivatives contracts, financial statements, internal justifications
5	The discrepancy between the economic impact of derivative transactions and associated tax benefits	Tax returns, financial statements, business plans, accounting records
6	Use of derivatives in transactions that contradict financial standards or legal requirements	Legal opinions, auditors' reports, accounting and tax reporting

End tbl. 6

1	2	3
7	Excessive complexity and volume of derivatives transactions without clear justification	Internal documents, financial statements, audit reports
8	Disregard for internal controls and audit procedures	Internal audit reports, internal control policies, audit opinions
9	Engagement with questionable tax advisors or consulting firms	Contracts with consulting firms, invoices for consulting services
10	Insider trading or market price manipulation involving derivatives	Transaction reports, internal investigations, derivative transaction records, financial statements

Source: compiled by the authors based on [3; 6].

CONCLUSIONS

A regulatory analysis of legislation and international standards has made it possible to identify the key stakeholders who must adhere to ethical principles when using derivatives in tax planning. Through identification and system analysis, we formulated the primary audit objectives and key aspects necessary for detecting manipulation or concealment of information. These findings were structured into an audit working document set, an audit program, and a questionnaire for assessing the ethics of risk hedging through derivatives in tax planning. The use of the synthesis methods allowed us to pinpoint potential "bottlenecks" where ethical violations may occur and to develop specific indicators signaling possible misconduct.

Further research may focus on enhancing methods for detecting unethical practices in using derivatives, particularly through big data analysis and artificial intelligence. Another critical avenue for exploration is the development of more detailed ethical standards for financial market participants, incorporating international best practices, transparency trends, and corporate responsibility. For auditors, the advancement of new techniques for assessing the ethics of financial transactions involving derivatives will be particularly relevant. This includes integrating automated monitoring and transaction analysis technologies and establishing effective procedures to ensure compliance with international ethical standards and national regulatory requirements in tax planning. ■

БІБЛІОГРАФІЯ

1. Голов С. Ф., Голубка Я. В., Костюченко В. М., Кузіна Р. В., Чижевська Л. В. Професійна етика бухгалтера : підручник. Житомир, 2022. 260 с.
2. Мейш А. В., Іванова Н. А., Ковальова Т. В. Оцінка ролі професійної етики в забезпеченні прозорості аудиторської діяльності. *Актуальні питання економічних наук*. 2025. № 8. DOI: https://doi.org/10.5281/zenodo.14887445
3. Терещенко М. К., Шишкова Н. Л. Аналітичне обґрунтування визначення загроз порушення етичних принципів аудиту. *Економічний вісник Дніпровської політехніки*. 2020. № 3. С. 84–97. DOI: https://doi.org/10.33271/ebdut/71.084
4. Подольчук О. В., Подольчук Д. В. Особливості розвитку ринку похідних фінансових інструментів в Україні. *Економіка та суспільство.* 2024. Вип. 65. DOI: https://doi.org/10.32782/2524-0072/2024-65-40
5. Шеленко Д. І., Шпикуляк О. Г., Горбатюк О. В. Функціонування деривативних фінансових інструментів у розвитку біржової торгівлі: теоретико-еволюційний аспект. *Підприємництво і торгівля*. 2024. № 41. С. 118–125. DOI: https://doi.org/10.32782/2522-1256-2024-41-15
6. Шишков С. Е., Шишкова Н. Л. Перспективи аудиторської діяльності на ринку капіталу України Економічний вісник. 2020. № 2. С. 75–87. DOI: https://doi.org/10.33271/ev/70.075
7. Марушко Н. С. Фінансовий моніторинг у сфері аудиторської діяльності: аналіз практики та його роль у протидії легалізації злочинних доходів. *Науковий вісник Львівського державного університету внутрішніх справ*. 2023. № 1. С. 30–38. DOI: https://doi.org/10.32782/2311-844X/2023-1-5
8. Мулик А. К. Загальні підходи до організації комплаєнсу в банках *Науковий вісник Ужгородського національного університету. Серія «Право»*. 2023. Вип. 79. Ч. 1. С. 266–277. DOI: https://doi.org/10.24144/2307-3322.2023.79.1.46
9. Закон України «Про внесення змін до деяких законодавчих актів України щодо спрощення залучення інвестицій та запровадження нових фінансових інструментів» від 19 червня 2020 р. № 738-IX. URL: https://zakon.rada.gov.ua/laws/show/738-20#Text
10. Податковий кодекс України від 2 грудня 2010 р. № 2755-VI. URL: https://zakon.rada.gov.ua/laws/show/2755-17#Text

REFERENCES

Holov, S. F., Holubka, Ya. V., Kostiuchenko, V. M., Kuzina, R. V., & Chyzhevska, L. V. (2022). *Profesiina etyka bukhhaltera* [Professional ethics of an accountant]. Zhytomyr.

Marushko, N. S. (2023). Finansovyi monitorynh u sferi audytorskoi diialnosti: analiz praktyky ta yoho rol u protydii lehalizatsii zlochynnykh dokhodiv [Financial monitoring in the field of audit activity: analysis of practice and its role in countering the legalization of criminal proceeds]. *Naukovyi visnyk Lvivskoho derzhavnoho universytetu vnutrishnikh sprav*, 1, 30-38.
DOI: https://doi.org/10.32782/2311-844X/2023-1-5

Meish, A. V., Ivanova, N. A., & Kovalova, T. V. (2025). Otsinka roli profesiinoi etyky v zabezpechenni prozorosti audytorskoi diialnosti [Assessment of the role of professional ethics in ensuring transparency of audit activities]. *Aktualni pytannia ekonomichnykh nauk*, 8.
DOI: https://doi.org/10.5281/zenodo.14887445

Mulyk, A. K. (2023). Zahalni pidkhody do orhanizatsii komplaiensu v bankakh [General approaches to the organization of compliance in banks]. *Naukovyi visnyk Uzhhorodskoho natsionalnoho universytetu. Seriia «Pravo»*, 79(1), 266-277.
DOI: ://doi.org/10.24144/2307-3322.2023.79.1.46

Podatkovyi kodeks Ukrainy [Tax Code of Ukraine]. (2010, December 2). No. 2755-VI. https://zakon.rada.gov.ua/laws/show/2755-17#Text

Podolchuk, O. V., & Podolchuk, D. V. (2024). Osoblyvosti rozvytku rynku pokhidnykh finansovykh instrumentiv v Ukraini [Features of the development of the market of derivative financial instruments in Ukraine]. *Ekonomika ta suspilstvo*, 65.
DOI: https://doi.org/10.32782/2524-0072/2024-65-40

Shelenko, D. I., Shpykuliak, O. H., & Horbatiuk, O. V. (2024). Funktsionuvannia deryvatyvnykh finansovykh instrumentiv u rozvytku birzhovoi torhivli: teoretyko-evoliutsiinyi aspekt [Functioning of derivative financial instruments in the development of exchange trading: theoretical and evolutionary aspect]. *Pidpryiemnytstvo i torhivlia*, 41, 118-125.
DOI: https://doi.org/10.32782/2522-1256-2024-41-15

Shyshkov, S. E., & Shyshkova, N. L. (2020). Perspektyvy audytorskoi diialnosti na rynku kapitalu Ukrainy [Prospects of audit activity in the capital market of Ukraine]. *Ekonomichnyi visnyk*, 2, 75-87.
DOI: https://doi.org/10.33271/ev/70.075

Tereshchenko, M. K., & Shyshkova, N. L. (2020). Analitychne obgruntuvannia vyznachennia zahroz porushennia etychnykh pryntsypiv audytu [Analytical substantiation of determining threats to violation of ethical principles of audit]. *Ekonomichnyi visnyk Dniprovskoi politekhniky*, 3, 84-97.
DOI: https://doi.org/10.33271/ebdut/71.084

Zakon Ukrainy «Pro vnesennia zmin do deiakykh zakonodavchykh aktiv Ukrainy shchodo sproshchennia zaluchennia investytsii ta zaprovadzhennia novykh finansovykh instrumentiv» [Law of Ukraine «On Amendments to Certain Legislative Acts of Ukraine on Simplification of Investment Attraction and Introduction of New Financial Instruments»]. (2020, June 19). No. 738-IX. https://zakon.rada.gov.ua/laws/show/738-20#Text