

ECONOMIC AND LEGAL FOUNDATIONS OF THE ACTIVITIES OF RELIGIOUS ORGANISATIONS IN UKRAINE

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Abstract. The article examines the administrative-legal and economic-legal foundations of the activities of religious organisations in Ukraine as specific legal entities that combine the features of non-profit organisations, subjects of property relations, and participants in economic and financial relations. The theoretical and methodological basis of the study is formed by the principles of freedom of religion, separation of church and state, and equality of religious organisations before the law. The study also employs a combination of private and public law approaches to the regulation of their activities. The legal regime of property of religious organisations, issues of land use, taxation, economic and charitable activities, as well as state control, are analysed. It has been established that the activities in question exhibit a mixed legal nature and are subject to regulation by the norms of constitutional, administrative, civil, economic, land, and tax law. The fundamental economic and legal issues are identified, particularly in the domains of property registration, land use, taxation, economic activity, and the utilisation of humanitarian aid. The necessity of improving Ukrainian legislation is substantiated, in particular, through the clarification of the legal regime of property, the simplification of land use procedures, and the definition of mechanisms of state control and taxation of religious organisations. *Research methods.* The methodological basis of the research consists of formal legal, comparative legal, and systemic methods, as well as the functional method, which made it possible to study the activities of religious organisations as subjects of property, land, economic, and financial legal relations. The analysis of judicial practice and scientific sources was also employed. The *purpose of the article* is to provide a comprehensive analysis of the economic and legal foundations of the activities of religious organisations in Ukraine. In particular, the analysis will determine the specific features of their legal status as participants in property, land, economic, and tax relations. The article will also outline the main problems of their functioning and possible ways of their resolution. In order to achieve this objective, the administrative and legal status of religious organisations, the legal regime of their property and land use, the specifics of taxation, as well as the features of their economic and charitable activities are examined. Furthermore, the judicial practice involving religious organisations is analysed. *Conclusions.* The study establishes that religious organisations in Ukraine are specific legal entities whose complex legal status is formed at the intersection of constitutional, administrative, civil, economic, land and financial law. Although they are established to fulfil the religious needs of citizens, their activities involve property, land, economic and financial legal relations, determining the mixed nature of the legal regulation of their activities. It has been established that the economic activities of religious organisations are connected with the use of property and land, the receipt of charitable contributions and donations, and the provision of humanitarian aid. These activities are aimed at ensuring the fulfilment of their statutory purposes. In this regard, their activities fall within the remit of public law, particularly with regard to state registration, land use, taxation, accounting, the use of humanitarian aid and state oversight. The prevailing economic and legal challenges are attributed to the inadequate regulation of the legal framework governing religious organisations' property, the complexity of formalising land-use rights for plots beneath religious buildings, issues of taxation, and the absence of legal certainty regarding the regime of humanitarian aid and the limits of state control. It has been determined that under conditions of martial law, religious organisations perform important social and humanitarian functions related to providing assistance to the population and military personnel, as well

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as participating in the implementation of state policy in the field of military chaplaincy. This demonstrates the growing public-law significance of their activities. In this context, the necessity to enhance Ukrainian legislation is substantiated, particularly through the establishment of the legal framework for the property of religious organisations, the simplification of land-use procedures, the clarification of the criteria for distinguishing statutory activity from economic activity, the determination of the procedure for accounting for and using humanitarian aid, and the establishment of clear limits and mechanisms of state control. Consequently, the economic and legal foundations of the activities of religious organisations consist in the combination of private-law property relations and public-law regulation, which necessitates further improvement of Ukrainian legislation.

Keywords: religious organisations, legal status, property of religious organisations, land use, taxation, economic activity, charitable activity, state control.

JEL Classification: K10, K20, H21, H30, P26

Introduction

In the context of the development of a rule-of-law state and civil society in the modern era, religious organisations play an important role in the exercise of the right to freedom of religion, as well as in property, land, economic and financial legal relations. Through their activities, religious organisations acquire and use property and land, establish enterprises and charitable organisations, and carry out humanitarian and social activities. This determines their participation in economic legal relations. In this regard, the activities of religious organisations have economic as well as spiritual significance and require proper legal regulation.

The issue of the legal regulation of the activities of religious organisations is of a dual legal nature. On the one hand, the activities of religious organisations are connected with the exercise of the constitutional right to freedom of religion and the principle of separation of church and state. This provides for the autonomy of religious organisations in matters of internal organisation and religious activity. Conversely, in regard to property, land, financial and economic relations, the activities of religious organisations are subject to state regulation and control. This is due to the fact that such organisations are participants in economic legal relations, utilise property and financial resources, may benefit from tax privileges, receive humanitarian aid, and carry out charitable activities.

The significance of the research is further underscored by the observation that under martial law, religious organisations fulfil pivotal social functions pertaining to the provision of humanitarian aid, social and psychological support to the population, military personnel and their families. Additionally, these organisations participate in the implementation of state policy in the domain of military chaplaincy. In this regard, the activities of religious organisations acquire significance not only as the exercise of the right to freedom of religion, but also as an element of the social, humanitarian and defence policy of the state.

The importance of studying the economic and legal foundations of religious organisations' activities is

also determined by the fact that they are owners or users of real estate and land plots, and may establish enterprises, charitable organisations and educational institutions. They also receive funds in the form of charitable contributions, donations and humanitarian aid. This requires proper legal regulation in the fields of taxation, accounting, property use and state control.

In this regard, a comprehensive study is needed to examine the economic and legal foundations of religious organisations' activities in Ukraine. This study should determine the specific features of their legal status as participants in property, land, economic and financial legal relations. It should also identify the main problems with the legal regulation of their activities and formulate proposals for amending Ukrainian legislation in this area.

1. Methodology of the Research

1.1. Analysis of Scholarly Works on the Research Topic

The current state of scholarly research on the legal status of religious organisations and the economic and legal foundations of their activities is formed at the intersection of constitutional law, administrative law, civil law, commercial law, financial law, and land law. This issue is connected with the fact that religious organisations are special subjects of law which, on the one hand, exercise the right to freedom of religion and, on the other hand, act as participants in property, commercial, land, and financial legal relations.

The normative basis of the research is formed by the Constitution of Ukraine and the Law of Ukraine "On Freedom of Conscience and Religious Organisations", which delineate the foundations of the legal status of religious organisations, the guarantees of freedom of religion, the principle of separation of church and state, and the equality of religious organisations before the law. The Land Code of Ukraine, the Tax Code of Ukraine, the Commercial Code of Ukraine, the Law of Ukraine "On Charity Work and Charitable Organisations", the Law of Ukraine

"On Humanitarian Aid", as well as other normative legal acts regulating property, land, financial, and commercial relations involving religious organisations, are also of particular importance for the study of the economic and legal foundations of the activities of religious organisations.

The legal status of religious organisations is examined in the scholarly literature, particularly in the works of Ukrainian scholars such as V. I. Borysova, I. O. Prystynskyi, A. Yu. Radchenko, V. F. Piddubna, V. V. Novikov, O. M. Bykov and others. These works consider religious organisations to be a special type of non-entrepreneurial organisation. They examine issues relating to their administrative and legal status, legal personality, establishment and state registration procedures, and the legal regime of property. They also consider the specific features of religious organisations' commercial and charitable activities.

A separate line of scholarly research focuses on the property rights of religious organisations, the legal framework governing religious buildings and land usage, and the protection of these rights. Scholarly works emphasise that property legal relations involving religious organisations are complex, combining the norms of civil, commercial, land and administrative law, as well as the internal norms of religious organisations and canon law.

Scholarly research pays significant attention to issues such as the taxation of religious organisations, accounting, and the implementation of charitable and humanitarian activities. It also considers state control over the financial activities of religious organisations. While scholarly works acknowledge that religious organisations are non-profit entities, they also recognise that their participation in financial and commercial legal relations necessitates special legal regulation of their taxation, accounting, and financial reporting.

Despite the existence of a considerable number of scholarly works, modern legal scholarship has not yet explored the economic and legal foundations of religious organisations' activities in a sufficiently comprehensive manner. This is particularly true with regard to the legal regime governing the property of religious organisations, land use, commercial activities, humanitarian aid and state control over financial activities. The issue of religious organisations' activities under martial law has also not been sufficiently explored.

In this regard, a separate scholarly task is the study of the economic and legal foundations of the activities of religious organisations as a complex legal phenomenon combining private and public law elements of legal regulation. This task also involves the identification of the main economic and legal problems of the activities of religious organisations and the formulation of proposals for amendments to the legislation of Ukraine in this sphere.

1.2. Methodological Features of the Research

General scientific methods of research. Firstly, the dialectical method was employed in the research to reveal the relationship between exercising the right to freedom of religion and religious organisations' participation in property, land, commercial and financial legal relations. It also identified contradictions between the principle of the separation of church and state, and the necessity for the state to regulate religious organisations' economic activities.

Secondly, analysis and synthesis methods were applied to examine and generalise the norms of constitutional, administrative, civil, commercial, land and financial legislation that regulate the activities of religious organisations into a coherent system of legal regulation of their economic activities.

Thirdly, the research employed the methods of induction and deduction. This enabled general conclusions to be formulated regarding the specific features of the legal status of religious organisations as participants in economic legal relations, based on individual legal norms and judicial practice. Conversely, the general principles of freedom of religion and separation of church and state were used to determine the specific features of the legal regulation of property, land and financial relations involving religious organisations.

Fourthly, a systemic approach was adopted to consider the activities of religious organisations as a complex legal phenomenon, combining elements of constitutional and legal status, administrative and legal regulation, civil-law property relations, commercial activity, financial-law regulation and state control.

Fifthly, the logical-legal method was employed to clarify the meaning of concepts and categories. This method was applied to concepts such as "religious organisation", "legal status of a religious organisation", "non-profit organisation", "statutory activity", "commercial activity of religious organisations", "property of religious organisations", and "economic activity of religious organisations". The method also ensured the internal coherence of the scholarly research.

Special (legal) methods of research. The key research method employed was the formal-legal approach, utilised to analyse the constitutional and legislative provisions governing the activities of religious organisations in Ukraine, as well as other normative legal instruments. This method was also used to identify the distinctive characteristics of their legal status within property, land, commercial, and financial legal relations.

The analysis of judicial practice was applied to determine the approaches adopted by the courts in resolving property and land disputes involving religious organisations, disputes concerning the use of land plots and the transfer of religious buildings for

use by religious organisations, and disputes relating to the taxation of religious organisations.

The comparative-legal method was utilised to analyse the legal regulation of the activities of religious organisations and their economic activities, as well as to determine the specific features of the legal status of religious organisations as non-profit organisations.

The method of legal modelling was applied in formulating proposals for amendments to the legislation of Ukraine in the field of the legal regime of the property of religious organisations, land use, taxation, the conduct of commercial activities, the use of humanitarian aid, and the determination of the limits of state control over the activities of religious organisations.

The functional method enabled an analysis of the activities of religious organisations through the lens of their primary domains of operation, namely the practice of religious activities, the utilisation of property and land, the undertaking of charitable and humanitarian initiatives, the establishment of enterprises, and the execution of commercial activities. Additionally, the performance of social functions during the period of martial law was considered.

In order to generalise scholarly approaches, the method of analysis of scientific sources was used, which made it possible to study scholarly approaches to determining the legal status of religious organisations, the peculiarities of their legal personality, property rights, commercial activity, taxation, and state regulation of their activities.

3. Theoretical and Legal Foundations of the Activities of Religious Organisations

3.1. Concept, Types and Features of Religious Organisations

Today, different models of the legal regulation of religious organisations' activities have emerged around the world, reflecting the historical, social, economic and cultural characteristics of individual states' development. Scholarly literature distinguishes three main types of legal status for religious organisations: monoconfessional, differentiated and universal (Radchenko, 2015).

The monoconfessional model of legal regulation is a hallmark of states that formally acknowledge only one religion, while other religious institutions are either prohibited or face substantial constraints on their operations. This type is formed under the influence of historical factors or state ideology based on certain religious values. In such states, a close connection between state institutions and religious structures is observed, and religious organisations may perform certain state functions. Examples of this phenomenon

include theocratic states, such as the Vatican, and certain Muslim countries.

The differentiated type of legal regulation provides that, depending on the historical role, number of believers, and the significance of a particular religion for the state, religious organisations may have different scopes of rights and obligations. Within this paradigm, the status of a state church, that of traditional religious organisations, and that of other religious organisations are distinguished. This type is distinguished by the provision of financial assistance from the state to designated religious organisations, accompanied by the conferral of specific privileges upon them.

The universal type of legal regulation provides for the equality of all religious organisations before the law, the separation of church and state, and non-interference of the state in the internal activities of religious organisations. This particular type of legal regulation has been developed in the majority of democratic states, most notably in the United States and France, where legislation guarantees equal rights for all religious organisations irrespective of their confessional affiliation (Radchenko, 2015).

Ukraine is characterised by universal legal regulations that provide for the separation of church and state, the equality of all religious organisations under the law, and the state's non-interference in the internal affairs of religious organisations. At the same time, the state controls compliance with legislation. Ukrainian legislation establishes that the state does not interfere in the activities of religious organisations carried out within the limits of the law; does not finance organisations established on the basis of attitude to religion; and that all religions and religious organisations are equal before the law. The establishment of any advantages or restrictions of one religion in relation to others is not permitted (The Law of Ukraine "On Freedom of Conscience and Religious Organisations" of 23.04.1991, No. 987-XII).

When analysing the legal status of religious organisations, B. Borysova's scientific position is of considerable interest, as she studied their legal nature as a functional type of non-entrepreneurial organisation. The author notes that religious organisations cannot be fully identified with the classical organisational and legal forms of legal entities of private law, as defined in the Civil Code of Ukraine, since they combine features of different organisational and legal forms – particularly associations and institutions – and also have specific features relating to their religious activity and subordination to canon law (Borysova, 2014).

Another specific feature of religious organisations is that, in some cases, they may operate without acquiring legal entity status if they have exercised the right to notify the state authorities of the establishment of a religious community. However, in such cases, their

property and economic capabilities are limited (The Law of Ukraine "On Freedom of Conscience and Religious Organisations" of 23.04.1991, No. 987-XII).

As I. O. Prystynskiy notes, the defining features of religious organisations are the joint profession and dissemination of faith, voluntary membership, the conduct of worship services and religious rites, and the provision of religious education and upbringing. They are also characterised by the non-commercial nature of their activities. Accordingly, a religious organisation can be defined as a voluntary, non-profit association of individuals formed to fulfil religious needs and operating under a constitution (Prystynskiy, 2008).

In developing this position, it is worth agreeing with V. Piddubna, who substantiates that religious organisations constitute a separate type of non-entrepreneurial legal entity with a special administrative and legal status. She identifies several defining features of such institutions, including a functional orientation towards satisfying the common interests of persons professing a particular religion, the voluntary nature of their establishment, the absence of strict requirements for membership registration, their non-profit nature, a targeted orientation of activity towards professing and spreading faith, and the presence of a hierarchical organisational structure (Piddubna, 2008).

It is noteworthy to consider the perspective of V. Novikov, who has highlighted that not all religious formations within society possess the status of a legal entity. In such cases, the focus is on quasi-subject entities or groups of believers that are formed to address religious needs without undergoing state registration. Despite the fact that such communities may engage in collective forms of religious practice, their participation in public law relations, representation of interests before public authorities, and realization of property rights are significantly more limited in comparison to religious organisations that are endowed with the status of a legal entity (Novikov, 2012).

The aforementioned scholarly approaches, when generalised, permit the conclusion that a religious organisation cannot be reduced exclusively to the characteristics of a non-profit legal entity or exclusively to a form of exercising the right to freedom of religion. The legal nature of the aforementioned entity is intricate and multi-tiered in nature, given its combination of spiritual purpose, internal autonomy, property separation, subordination to special legislative regulation, and a connection with public law procedures.

In view of this, the authors consider that the key characteristics of a religious organisation should include its voluntary nature, the religious focus of its activities, its non-commercial nature, the existence of a statutory basis, the possibility or necessity of state registration in cases provided for by law, separate legal

personality, institutional and hierarchical organisation, operation based on a combination of state legal and canonical regulation, as well as the capacity to act as a subject of administrative law, civil law, and in some cases, commercial law.

Additionally, it is advisable to highlight the unique legal status of religious organisations. Unlike other non-entrepreneurial legal entities, religious organisations are not created to satisfy general social, educational or cultural interests, but rather for the collective exercise of the right to freedom of religion. This involves conducting worship services, religious rites and ceremonies, providing religious education and disseminating religious doctrine. It is this purpose that determines the limits of its legal capacity and the specific features of its interaction with the state.

Special attention should also be paid to the correlation between the concepts of "religious organisation" and "religious association", as these terms are used in related but not identical ways in scholarly literature and legislation.

According to Ukrainian legislation, religious organisations include religious communities, administrations and centres, monasteries, religious brotherhoods, missionary societies and theological educational institutions. At the same time, the legislation provides for the establishment of associations consisting of religious organisations operating on the basis of their own statutes and represented by their centres or administrations (The Law of Ukraine "On Freedom of Conscience and Religious Organisations" of 23.04.1991, No. 987-XII).

A religious association is a complex organisational structure comprising several religious organisations united by confessional affiliation and subordinate to a single religious centre or administration. Such associations are established to coordinate the activities of religious communities, organise religious education, train clergy and carry out publishing, charitable and other activities.

Unlike religious communities, which are the primary organisational units established to meet the religious needs of believers at a local level, religious centres and administrations coordinate, manage and represent the interests of their respective confessions in their dealings with public authorities. Therefore, religious associations perform religious, organisational, administrative and representative functions.

According to scholarly literature, religious associations act as entities that ensure interaction between religious organisations and the state. They coordinate activities and represent the interests of their respective confessions at state level. They may also found enterprises, educational institutions, charitable institutions and other organisations (Radchenko, 2015).

It should be noted that the legal status of religious associations is more complex than that of individual

religious communities. This is because they are subject to both internal organisational relations and public law, particularly with regard to the registration of statutes, the use of property, the implementation of international relations, the invitation of foreign clergy, the establishment of theological educational institutions, and the participation in military chaplaincy activities.

Thus, religious organisations and associations form a unified system of religious institutions with a hierarchical structure that functions at different organisational levels. The primary element of this system is the religious community. Religious centres and administrations perform coordination, management and representation functions, determining their special administrative, legal and economic status.

Therefore, the system of religious organisations encompasses individual organisations and their associations. These differ in terms of their functions, level of organisation and scope of legal personality. Together, however, they form a holistic system of entities whose activities are regulated by public and private law.

3.2. Administrative and Legal Status of Religious Organisations in Ukraine

The administrative and legal status of religious organisations in Ukraine is determined by a set of rights, obligations, guarantees of activity, and legal liability. These are further delineated by the procedure for their establishment, state registration, interaction with state authorities and local self-government bodies. The peculiar administrative and legal status of religious organisations is characterised by their ability to exercise rights and legitimate interests through administrative procedures, the receipt of administrative services, interaction with public authorities, and within the scope of state supervision, despite not being part of the system of state authorities. At the same time, this status cannot be characterised solely in organisational and legal terms, since religious organisations also participate in property, land, financial and, in certain cases, economic legal relations. Consequently, their administrative and legal status has a pronounced economic and legal dimension, as evidenced by the legal regime of property, the ability to open bank accounts, maintain accounting records, receive humanitarian aid, establish subordinate institutions, and adhere to financial discipline requirements.

One of the key components of the administrative and legal status of religious organisations is the procedure for their state registration. Registering a religious organisation's charter and including it in the Unified State Register of Legal Entities is a prerequisite for acquiring legal entity status. This enables the organisation to acquire property rights, open bank accounts, enter into contracts and carry out activities permitted by law. In this respect, state registration has administrative,

economic and legal significance. It provides religious organisations with access to the circulation of property, banking infrastructure, the use of real estate and land plots, and other forms of participation in financial relations. However, legislation also permits the existence of religious communities without state registration. In such cases, they do not acquire legal entity status and cannot act as independent participants in property and economic relations, which significantly restricts their economic legal capacity. As of January 1, 2026, a total of 34,882 religious organisations were operating in Ukraine. Of these, 33,213 were religious communities and 26,565 had legal entity status, enabling them to participate fully in property and financial relations (State Tax Service of Ukraine, 2026).

The administrative and legal status of religious organisations encompasses their rights and obligations in relation to the state. These organisations have the right to use and dispose of property, construct religious buildings, establish enterprises and educational institutions, receive humanitarian aid, and carry out charitable and educational activities. From an economic and legal perspective, these rights should not merely be understood as the general legal capacities of a legal entity, but also as mechanisms for forming the organisation's resource base. The right to use and dispose of property provides the material foundation for their existence. The right to establish institutions enables them to create an organisational infrastructure. The right to receive humanitarian aid and engage in charitable activities integrates them into the circulation of assets, funds, goods and services for socially oriented purposes. Thus, the economic essence of the rights of religious organisations lies in ensuring their material autonomy and their ability to finance religious, educational, charitable and social initiatives and act as carriers of an economic interest that is permissible for non-profit entities.

Concomitantly, the rights of religious organisations must be considered in conjunction with their obligations. The aforementioned actors are obliged to adhere to legal imperatives, to respect the rights and liberties of citizens, to refrain from interfering in the operations of state authorities, and to abstain from involvement in political activities. In the economic and legal dimension, these obligations also include proper accounting, reporting, targeted use of funds and property, and compliance with the rules governing the receipt and use of humanitarian aid. It is through these obligations that the public-law limits of the autonomy of religious organisations become evident: the state does not interfere in doctrine or internal spiritual activities, but it reserves the right to demand financial transparency and compliance with the rules governing the circulation of resources in cases where activities involve property, funds, humanitarian aid, or the performance of socially significant functions. In this

regard, the economic and legal status of religious organisations is determined not only by the scope of their property rights, but also by the existence of legally established rules of financial discipline (Press Service of the State Tax Service of Ukraine, 2023).

The legal regime of property occupies a special place in the structure of the administrative and legal status of religious organisations. The property of a religious organisation serves a dual function: firstly, it ensures the realisation of the right to freedom of religion, and secondly, it serves as the resource base for charitable, educational, humanitarian, and other socially useful activities. Consequently, the legal framework governing religious buildings, land plots, premises, religious items, funds, and donations must be considered in conjunction with the administrative and legal status of such organisations. It determines the actual limits of their material autonomy, affects their ability to maintain infrastructure, provide for personnel, support internal activities, and perform additional social functions. Consequently, the economic and legal dimension of the status of religious organisations is directly linked to their property base, their right to use resources, and their obligation to operate within the legal framework.

In contemporary conditions, the legal status of religious organisations is also considered in the context of ensuring national security and defence. In the context of the armed aggression against Ukraine, legislation stipulates the potential for the restriction of the activities of religious organisations, religious centres, or associations whose governing bodies are situated within the territory of the aggressor state, in instances where their activities may jeopardise national security, public order, or the rights and freedoms of citizens. It is evident that, in a context of martial law, religious organisations are assigned not only a private legal significance but also a pronounced public legal significance. The evaluation of these activities is not solely conducted in terms of freedom of religion; it is also undertaken in the context of social stability, state security, information resilience, and the prevention of external influence through religious institutions.

In this context, the institution of military chaplaincy is particularly important as it facilitates interaction between the state and religious organisations, ensuring that servicemen have the right to freedom of worldview and religion. Religious organisations or associations submit nominations for military chaplains to be appointed to military units; however, they serve in the armed forces, receive remuneration from the state budget, and hold the legal status of military personnel (The Law of Ukraine "On the Military Chaplaincy Service" of 30.11.2021, No. 1915-IX). Therefore, chaplaincy is of particular interest for economic and legal analysis, as it shows that religious organisations can participate in public life through their own

resources or by co-operating with the state through public funding. Such funding has a dual effect. On the one hand, it ensures the sustainability of chaplaincy services and relieves religious organisations of the full financial burden. On the other hand, it integrates these activities into the realm of official budget financing, social protection and public accountability. As of January 2025, only 36 per cent of military chaplain positions in the Armed Forces of Ukraine had been filled. By October 2025, the Military Chaplaincy Service had filled 45 per cent of its approximately 1,700 positions, indicating the gradual development of this budget-funded institutional mechanism (Ukrinform, 2025; ArmyInform, 2025).

Military chaplaincy plays a significant social role, providing spiritual support to servicemen and women, stabilising their moral and psychological state, and preserving their dignity, values and resilience in times of armed conflict. The involvement of religious organisations in this activity shows that they fulfil not only religious, but also social and humanitarian functions that are important to the state and society. In this regard, religious organisations can be considered part of the state's social infrastructure, given that their activities aim to satisfy spiritual needs, provide charitable and humanitarian assistance, participate in volunteering, and support military personnel and civilians under martial law. This involvement affects not only their social role, but also the legal framework governing their resources, accounting systems, sources of funding and interactions with the state.

4. Economic and Legal Foundations of the Activities of Religious Organisations

4.1. Legal Regime of Property of Religious Organisations

The economic and legal basis for the activities of religious organisations in Ukraine includes the legal framework for their property, their involvement in property and financial legal relations, and the particular features of their charitable, humanitarian and related economic activities. Although such organisations are not established for profit, they participate fully in civil and commercial circulation, necessitating comprehensive legal regulation of their economic activity (The Law of Ukraine "On Freedom of Conscience and Religious Organisations" of 23.04.1991, No. 987-XII; The Civil Code of Ukraine, 2003; The Commercial Code of Ukraine, 2003).

The legal framework governing the property of religious organisations is complex, as it is determined by both state legislation and internal rules of confessional (canonical) law. This directly affects ownership, management and disposal issues. Different denominations may own property either through

individual communities or through centralised religious structures, resulting in various economic organisational models and approaches to resource management (Hrudnytska, Bardashevych, 2009). Accordingly, when resolving property disputes, courts take into account not only the provisions of civil legislation, but also the statutory documents of religious organisations and canonical rules. This reflects the principle of the church's autonomy from the state (The Constitution of Ukraine, 1996; The Law of Ukraine "On Freedom of Conscience and Religious Organisations" of 23.04.1991, No. 987-XII).

Judicial practice confirms that the transfer of religious buildings to religious organisations for ownership or use is carried out exclusively on the basis of decisions made by authorised state authorities or local self-government bodies, in compliance with the established legal procedure (Resolution of the Supreme Court of September 26, 2019 in case No. 910/3044/18; Resolution of the Commercial Cassation Court within the Supreme Court of December 5, 2023 in case No. 907/315/19). At the same time, the courts recognise the need for a comprehensive resolution of the issue of transferring religious buildings together with the land plots on which they are located, given that the two are functionally interconnected (Resolution of the Supreme Court of December 5, 2023 in case No. 907/315/19). This approach has direct economic significance because it determines whether property can actually be used and ensures that a religious organisation can carry out its statutory activities.

An important aspect of religious organisations' economic activity is their ability to set up enterprises, charitable institutions, educational establishments and other legal entities that can engage in economic activity. This activity is not ultimately aimed at generating profit, but rather at forming a resource base to support statutory activities, maintain religious buildings and finance social and humanitarian projects (The Commercial Code of Ukraine, 2003; The Law of Ukraine "On Charity Work and Charitable Organisations" of 05.07.2012, No. 5073-VI).

A particular instance of the involvement of religious organisations in public financial relations is the military chaplaincy. In this context, the activities of chaplains are funded by the state budget (The Law of Ukraine "On the Military Chaplaincy Service" of 30.11.2021, No. 1915-IX). Concurrently, religious organisations furnish the personnel basis for this system, thereby signifying their integration into the performance of state functions in the sphere of national security.

From an economic perspective, this signifies that the activities of religious organisations extend beyond the purely internal spiritual sphere and encompass participation in the distribution and use of both public and private resources. Simultaneously, said activity is subject to public-law regulation. This encompasses

such domains as state registration, financial reporting, accounting of resources, utilisation of humanitarian aid, and control over compliance with legislation (The Tax Code of Ukraine, 2010; The Law of Ukraine "On Accounting and Financial Reporting in Ukraine", 1999; The Law of Ukraine "On State Registration of Legal Entities, Individual Entrepreneurs and Public Organisations" of 15.05.2003, No. 755-IV).

Another important element of the economic regime is the taxation of immovable property. According to the Tax Code of Ukraine, payers of real estate tax include individuals and legal entities, including religious organisations that own relevant property. At the same time, however, local self-government bodies are authorised to grant tax benefits to religious organisations with respect to property used for statutory purposes, indicating a differentiated approach to the taxation of such entities (The Tax Code of Ukraine, 2010).

Simultaneously, it should be noted that such tax benefits are of a targeted nature and do not apply in cases where property is used for the generation of income. This ensures a balance between the fiscal interests of the state and the non-profit status of religious organisations (The Tax Code of Ukraine, 2010). Furthermore, under martial law, significant changes have been made to the tax regime for immovable property, particularly the introduction of tax exemptions for property located in territories affected by hostilities or damaged as a result of armed aggression. This has a direct economic impact on religious organisations, as many of their buildings are located in such regions. This allows for a temporary reduction in their financial burden, enabling them to reallocate resources towards restoring their activities (The Tax Code of Ukraine, 2010).

4.2. Legal Regime of Land Plots of Religious Organisations

An important aspect of religious organisations' economic activity is the use of land plots on which religious buildings, monasteries, theological educational institutions, charitable establishments and other facilities necessary for carrying out their statutory activities are located. The legal regime governing the land plots of religious organisations is determined by Ukrainian land legislation, according to which religious organisations may acquire land plots for ownership or use (The Land Code of Ukraine, 2001).

According to Article 92 of the Land Code of Ukraine, religious organisations are entitled to use land plots owned by the state or local authorities on a permanent basis for the construction and maintenance of religious buildings and other facilities necessary for their activities. Additionally, religious organisations may acquire land plots for ownership or use based on decisions made by executive authorities or local self-

government bodies (The Land Code of Ukraine, 2001).

Judicial practice demonstrates that a land plot on which a religious building is located is regarded as an object functionally connected with the building in question; therefore, the issue of land use must be resolved simultaneously with that of the religious building itself. In particular, in its decision of December 5, 2023, in case No. 907/315/19, the Supreme Court stated that transferring a religious building to a religious organisation for use without resolving the legal regime of the land plot on which it is located violates the organisation's rights and creates obstacles to the implementation of its statutory activities (Resolution of the Supreme Court of 05.12.2023 in case No. 907/315/19).

The Supreme Court expressed a similar legal position in its decision of November 20, 2019, in case No. 910/11126/18. In this decision, the Court emphasised that local self-government bodies are obliged to resolve the issue of granting the respective land plot for permanent use or lease when transferring religious buildings to religious organisations. This is because without formalising land rights, the use of the religious building becomes impossible (Resolution of the Supreme Court of 20.11.2019 in case No. 910/11126/18).

In practice, disputes frequently arise concerning local self-government bodies' refusals to grant land plots to religious organisations, or regarding the formalisation of land use rights under religious buildings. In such cases, the courts rule that religious organisations have the right to formalise land use rights if they are lawful users of the religious building located on the respective plot of land (Supreme Court case law concerning land use by religious organisations).

It should be emphasised that a plot of land and a religious building constitute an integrated property complex, meaning the legal regime of the plot directly affects a religious organisation's ability to carry out its statutory activities. The absence of properly formalised land use rights can create obstacles to using immovable property, conducting economic and charitable activities, implementing construction and restoration works, obtaining permits and properly registering rights to immovable property.

At the same time, the use of land plots and other immovable property by religious organisations is associated with both the exercise of property rights and the formation of financial obligations, as well as participation in the system of public finances. In this context, religious organisations act as entities that combine non-profit status with taxpayer obligations, as their religious activities do not exempt them from the general constitutional obligation to pay taxes and fees (Vikhlyaiev, Pylypenko, 2024).

The economic dimension of this legal regime is manifested in the balance between tax burden and

benefits, which may be conventionally expressed as follows: **Economic capacity of an organisation = (resources + benefits) – (tax and mandatory payments)**.

Within this relationship, tax benefits serve the function of indirect financing, as the reduction of tax liabilities effectively leaves additional resources at the disposal of religious organisations for the implementation of their statutory activities.

Concurrently, the legislative framework establishes a nuanced approach to property taxation, whereby assets utilised for religious and charitable activities may be granted preferential treatment or tax exemption. Conversely, the utilisation of property for income-generating purposes is subject to the prevailing general taxation regulations. This approach is pivotal in ensuring the economic neutrality of the state, as the tax benefits are not absolute but rather contingent on the functional purpose of the property (The Tax Code of Ukraine, 2010; KSE, 2023).

Furthermore, within the contemporary context, the financial regulation of religious organisations is regarded as a *kompleksny instrument* (complex instrument) with the objective of ensuring the stability of their resource base, increasing transparency, and improving the efficiency of resource utilisation. This encompasses the accounting of financial flows, the evaluation of the effectiveness of resource utilisation, and the implementation of contemporary financing mechanisms such as grants, donations, crowdfunding, and other forms (Horvat, 2023).

It is evident that the economic and legal implications of property utilisation by religious organisations extend beyond mere ownership and resource usage. Instead, these entities operate within a distinct financial framework, characterised by a convergence of tax obligations, preferential mechanisms, and financial regulatory instruments. It is precisely this regime that determines the actual economic capacity of religious organisations and their role within the system of public finances of the state.

4. Economic and Legal Problems of the Activities of Religious Organisations in Ukraine

The economic activity of religious organisations in Ukraine is subject to both private and public regulation, leading to structural imbalances in areas such as resource utilisation, property access, financial accounting and state oversight. The key issue is the lack of a coherent economic model for such entities that would ensure their non-profit status while enabling them to participate effectively in the economy.

The most critical issue is the legal regime governing property. A significant proportion of religious buildings are used without properly formalised title documents,

which reduces asset liquidity and limits opportunities for investment, reconstruction and access to financing. From an economic perspective, this results in assets being "frozen" and potential added value being lost. To address this problem, simplified procedures for legalising property rights based on long-term use must be introduced.

Similar problems are characteristic of land relations. The lengthy and complex procedures for formalising land rights create additional transaction costs and hinder the development of religious organisations' infrastructure. The absence of stable preferential land use mechanisms effectively reduces their financial sustainability. From an economic standpoint, this results in increased maintenance costs and decreased asset utilisation efficiency.

A significant issue is differentiating between statutory and economic activities. The lack of clear criteria leads to legal uncertainty and increased regulatory risk, as well as complicating financial planning. Consequently, religious organisations are forced to operate within an uncertain tax and legal framework, which has a negative impact on their economic behaviour and investment capacity.

A separate set of issues arises from the economic activities of enterprises established by religious organisations. The absence of a specific legal framework for such entities complicates the management of property, the accounting of income and expenses, and the control of the efficient use of resources. This reduces

economic performance and creates conditions for the inefficient allocation of assets.

In conditions of martial law, the circulation of humanitarian aid becomes particularly relevant. Religious organisations play an important role in its distribution; however, the absence of specialised accounting and control mechanisms creates a risk of resources being used inefficiently. From an economic perspective, this results in a loss of potential aid distribution efficiency and reduces trust in these channels.

Another systemic issue is the uncertainty surrounding the scope of state control. Excessive state intervention increases regulatory pressure and associated costs, whereas insufficient control can lead to the inefficient use of resources. From an economic standpoint, the optimal approach is to introduce a risk-based model of oversight, ensuring a balance between freedom of activity and the protection of public interests.

Thus, the main economic and legal issues affecting religious organisations are systemic and stem from the inefficient use of assets, high transaction costs, legal uncertainty and imperfect state regulatory mechanisms. Resolving these issues requires a transition to a model of regulation grounded in economics that would ensure the legalisation of property rights, reduce regulatory barriers, increase the transparency of financial flows and improve the efficiency of resource utilisation.

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