

REVIEW

from
Prof. Dr. Dimiter Nenkov Nenkov
on a dissertation titled

" THE INFLUENCE OF THE SHADOW ECONOMY ON THE TAX REVENUES IN BULGARIA "

of

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I. General presentation of the dissertation work

The dissertation submitted for review deals with a very current topic, important and interesting not only from the point of view of analyzing the problems of tax collection efficiency due to the gray economy, but also for the progress of society as a whole. The dissertation has a total volume of 191 pages and includes an introduction, three chapters, a conclusion, bibliography and appendices.

The introduction contains all the required details, including: relevance, purpose and tasks of the research, object and subject, research thesis. The main goal, according to the author, is to determine tax revenues as a function of the share of the shadow economy, to approve a methodology for determining the scale of the shadow economy. For this purpose, the author uses various indirect methods based on natural and value indicators, as well as an assessment of the tax system and a precise analysis of the benefits and risks of changes in tax regulation, aimed at reducing the share of the shadow economy.

The first chapter examines the theoretical foundations of the tax system, the business climate, the shadow economy and tax avoidance. The author has consistently focused on the essence of the economic, social and moral aspects of taxes, the problems of tax legislation in Bulgaria, the influence of the tax system on the business climate in Bulgaria. Special attention is paid to the dimensions of the shadow economy and its impact on tax revenues in Bulgaria. In this number, the development of the shadow economy, the shadow economy as a way of escaping from paying taxes, the idea of the shadow economy among the society in Bulgaria, etc. are examined.

The second chapter is devoted to the methods and approaches for researching the dimensions and scales of the shadow economy. The dissertation has again advocated the relevance of these questions, the subject and object, the goals and tasks of the analysis. The main hypotheses of the analysis of the shadow economy are presented. The methods for

empirical research of the problem area are discussed, including traditions, modern European trends, the study of the shadow economy in Bulgaria during the first decades of this century. The dissertation focused on the need to apply a holistic approach to the study of the shadow economy in our country, as well as on the possibilities of limiting its negative effects on tax revenues.

The third chapter is an empirical study by the author on the attitudes of businesses and citizens towards the shadow economy and tax avoidance. The dissertation has justified the need for this empirical study, presented the research methodology, including the characteristics of the sample used. The results are presented graphically and commented on in detail, and in conclusion, the relevant conclusions and recommendations are made.

The conclusion of the dissertation very well summarizes the results of the overall research and systematizes the conclusions drawn.

II. Assessment of the form and content of the dissertation

Regarding the relevance of the topic and the structure of the dissertation

The topic continues to be relevant, taking into account the serious problem with the shadow economy globally and even more so the fact that Bulgaria is the country with the largest share of the shadow economy in the European Union (according to Fig. 3). Any new research on the subject, including the present one, is particularly important for the success of the fight against the gray economy and for a more complete coverage of the objects of taxation in the country.

The dissertation is characterized by a tight and sustained structure. The three chapters are in a natural logical sequence, starting with the theoretical aspects of the subject, and in the last chapter a valuable empirical analysis of the attitude towards the gray economy in Bulgarian society is carried out.

Regarding object and subject of research, aim and objectives, research thesis

The object and the subject of research are well highlighted and correspond to the stated purpose. The dissertation student formulated and completed five main tasks, with the help of which the goal of the dissertation was achieved. Among the completed tasks, in addition to the critical review of specialized research on the topic and the construction of the theoretical basis, the study of the business climate, the prerequisites and the development of the shadow economy in our country, as well as the analysis of the empirical methods to be used, also deserve attention.

The research thesis is clearly stated.

Degree of development of the researched problem

The dissertation definitely contains a study of unsolved problems of scientific and scientific-applied interest. The studies of specialized literature and additional empirical research by the author show that there are enough open questions regarding the reduction of the share of the shadow economy and the increase of tax revenues, including in Bulgaria. The latter definitely need further analysis, including those on which the dissertation has focused its attention.

In terms of knowledge of the subject area

The doctoral student has demonstrated excellent knowledge of the literature in the subject area. 140 literary sources were used, 119 of them in English and 21 in Bulgarian. The significant share of relatively new sources makes impression - from the last ten years. Literary sources are used correctly. The PhD student is well versed in the subject area both theoretically and practically. The fact that the dissertation student worked intensively and continuously in the tax revenue system of Bulgaria is clearly visible.

The style is predominantly scientific, the dissertation student has demonstrated excellent knowledge and skills in handling the modern tools of theoretical and empirical research. The survey carried out is suitable for the purposes of the research and has been carried out at a high level. The dissertation work is very well illustrated with a sufficient number of appropriately shaped figures - 41 in total.

The dissertation generally conforms to the required form. The abstract has been prepared in accordance with the requirements and has fulfilled its purpose of presenting the essential aspects of the dissertation work.

The dissertation student has submitted a reference for three publications related to the field of the dissertation work, and the total number of points from them meets the minimum requirements for doctoral students according to the Rules of Application of LDASRB.

III. Scientific and scientific-applied contributions of the dissertation work

The PhD student is thoroughly familiar with the subject area both theoretically and practically. This has provided him with favorable opportunities for in-depth analysis, for well-grounded conclusions and recommendations, and ultimately, for highlighting specific contributing moments in a scientific and scientific-applied aspect. The 6 scientific and scientific-applied contributions presented in the abstract are correctly formulated and actually achieved.

Without diminishing the importance of the other contributions formulated, I would single out the following as particularly useful:

- Debating tax morality, which predetermines the willingness and readiness of individuals to pay their taxes and comply with tax laws as a complex phenomenon dependent on multiple factors.
- Arguing the benefit of applying a holistic approach to the study of the shadow economy.
- Conducting empirical research, predominantly based on qualitative methods, including a survey on the effects of the gray economy and the attitudes of businesses and citizens.
- Formulation of recommendations to combat the shadow economy and effectively reduce its share in Bulgaria.

IV. Critical Notes and Dissertation Questions

Notes and recommendations

1. In many places in the thesis, the author's own position could have been more clearly stated, especially considering how deeply he has entered the researched area, both theoretically and practically. The discussion style could further expand on some parts of the thesis.
2. Some of the graphics are in English. I consider it correct that they should be in Bulgarian, which is the language of the dissertation work.
3. The introduction is not noted at the front in the table of contents.
4. I recommend the doctoral student to take advantage of the excellent foundation laid and to continue his work on the issues thus outlined in the abstract for future research in the subject area.
5. I recommend the doctoral student to make more publications in order to popularize the results of the dissertation work.

Questions for the dissertation student

6. Unlike most of the old members of the European Union, in the model applied in Bulgaria, in the structure of tax revenues the emphasis is on turnover taxes (taxes on consumption) and first of all VAT, at the expense of the lower share of direct taxes (mostly on income taxes). How, according to the dissertation, does this specificity affect the share of the shadow economy in Bulgaria and what possibilities does he see for limiting the share of the shadow economy in line with the change of the model applied in this way?
7. Why are the northern countries of Europe (mainly Scandinavian) usually pointed to as examples of well-functioning and efficient tax systems, despite traditionally high income tax rates that should encourage tax avoidance?

V. Summary evaluation of the dissertation work and conclusion

Regardless of the notes and recommendations made above, the submitted dissertation has the necessary qualities to be successfully defended according to the requirements and procedures provided for in the LDASRB.

Taking into account everything presented so far, the serious research work carried out and the doctoral student's demonstrated in-depth knowledge of the subject area, the skills for independent theoretical and empirical analysis, the achieved scientific and scientific-applied contributions, I consider:

The presented dissertation has serious scientific merits, which give me the reason to state my positive opinion "FOR" awarding the doctoral student NIKOLAI KIRILOV KALISTRATOV the scientific and educational degree "DOCTOR" in the professional direction "Economics", in the scientific specialty "Finance, money circulation, credit and insurance".

3.05.2024

Member of the Scientific Jury:

/ Prof. Dr. D. Nenkov/