

REVIEW

by Prof. Emilia Milanova, PhD

VUZF, "DEPARTMENT OF ACCOUNTING AND AUDIT"

Scientific specialty: Accounting, control and analysis of economic activity

of dissertation for awarding the scientific degree "Doctor" in the field of higher education 3. Social, economic and legal sciences, professional field 3.8. Economics, doctoral program "Accounting, Auditing and Analysis"

Author: **Leonardo Tsvetelinov Stoev**, PhD student in self-study form at the Department of Accounting and Auditing, VUZF

Topic of the dissertation: "Opportunities to improve the controls related to prevention and detection of tax and social insurance frauds"

Scientific adviser: Prof. Ali Veysel, PhD

1. General description of the submitted materials

With order №5 from 21.01.2021. of the Rector of the Higher School of Insurance and Financing - Assoc. Prof. Dr. Grigoriy Vazov I have been appointed as a member of the scientific jury for conducting a procedure for defense of the dissertation on the topic "Opportunities to improve the controls related to prevention and detection of tax and social insurance frauds" for the acquisition of educational and scientific degree " doctor ".

The materials submitted by Leonardo Tsvetelinov Stoev for the defense of the dissertation include: 1 pc. dissertation on paper and in PDF format; 1 piece abstract in Bulgarian on paper and in PDF format; 1 piece abstract in English on paper and in PDF format; files with journals, which contain three publications of the doctoral student; CV in PDF format; summaries of publications in Bulgarian and English; reference for the best scientific contributions in the dissertation; reference for fulfillment of minimum requirements for acquisition of "doctor" degree. The PhD student submitted two reports from international scientific conferences - in a scientific conference in Madrid, Spain on "Education, law, business" ("Education, law, business"), 2020, on "Institutional organization of tax and social insurance control in Bulgaria"- pp. 37-39. ("Institutional organization of tax and social insurance control in Bulgaria"), ISBN: 978-2-5494-0322-3 and in a scientific conference in Steyr, Austria on "Science and Innovation" ("Science and Innovation"), 2020, on the topic

“Efficiency of the municipal tax administration in Bulgaria” - pp. 71-74. (“Efficiency of the municipal tax administration in Bulgaria” - pp. 71-74.), ISBN: 978-3-953794-29-5 and one article “Forms of tax and social insurance control in Bulgaria”, SEPIKE magazine 3/2020 - pp. 40 - 43. (“Forms of tax and social insurance control in Bulgaria”), SEPIKE magazine, issue 3/2020 - with 40 - 43.], p-ISSN: 2196-9531, e-ISSN: 2372-7438.

2. Information about the doctoral student

The doctoral student Leonardo Stoev was born in 1992. He has bachelor’s degree since 2015 in Business Economics at the University of Economics - Varna, awarded a medal for excellent achievement. In 2016 received a master’s degree in Banking and Finance (MSc Banking and Finance) from Queen Mary University of London, UK, where she received prestigious awards for his contribution to the university and students and for the development of personal skills; and in 2018 received a diploma for "Masters of Accounting, Control and Corporate Analysis" from VUZF.

In 2016 - 2017 is a trainee auditor at Ernst & Young Audit OOD - Sofia; from April 2017 to July 2019 is successively Assistant Finance and Junior Financial Analyst at Experian Bulgaria EOOD – Sofia. Since July 2018 Until now he has been an accounting analyst at Xerox Business Services Bulgaria EOOD - Sofia.

He speaks English very well. He has excellent computer literacy. He is a member of MENSA Bulgaria.

3. General characteristics and evaluation of the presented dissertation

The dissertation presented for public defense is developed in a total volume of 145 pages and consists of an introduction, three chapters and a conclusion. It includes 12 tables and 14 figures. The used literature covers a total of 174 sources: 66 sources in Bulgarian and 26 in a foreign language - in English, German and French, 82 sources from various websites (the translation from the foreign language sources was done independently by the author).

The topic of the presented dissertation is undoubtedly relevant and this is determined by several factors: open access to European and world markets; the great opportunities from the tax subjects for "tax tricks" and "tax fraud" and abuses, which poses a challenge to the tax administration in the country to constantly improve its control over the tax system; the difficulties in the adaptation of the institutions due to the dynamic nature of the legislative changes, especially in connection with the accession of Bulgaria to the European Union (EU) in 2007, as well as the many innovations imposed annually in the European legislation.

The introduction of the dissertation formulates the object and the subject of the research, the goals, tasks and approaches for realization of the previously set starting points, the methodology of the research. The aim of the dissertation is: to study the legal, organizational and methodological problems related to the prevention and detection of tax and social insurance fraud in order to propose guidelines for improving tax and social insurance control in Bulgaria, and the tasks for achieving the goal are summarized in the following way: study of the theoretical nature and characteristics of the tax-insurance control, in order to establish the necessity of it for the functioning of the tax-insurance systems and the detection of frauds; study of the organization of tax and social insurance control in Bulgaria in order to identify the problems that reduce the effectiveness and efficiency of control in the country; exploring the possibilities for improving the control related to tax and insurance fraud by examining the best European practices. Accordingly, these tasks are objectified with appropriate approaches and methodology, which the doctoral student has correctly formulated.

The main research thesis is formulated correctly and accurately: through the introduction of the best European practices, taking into account the Bulgarian specifics, the control related to the prevention and detection of tax and social insurance fraud will be improved. To prove this thesis, the doctoral student asked many interesting basic research questions.

The research is characterized by certain limitations, which are related to the great variety of types of taxes, forms of organization and control, as well as tax and insurance frauds, and the impossibility of their comprehensive study in the dissertation. Therefore, the focus is mainly on institutional organization, forms of control and some frauds related to value added tax, corporate income taxation, local taxes and compulsory social insurance.

Chapter one is entitled "Theoretical characteristics of tax and social insurance control." The main purpose of this first part of the study is to reveal the nature of taxation and the need for control, to present the general characteristics and specific features of tax and social insurance control and the characteristics of tax and fraud. The main conclusions and results in this part of the study are summarized as follows: presentation of control as such a tool through which continuous improvement can achieve the goal, namely a complex system such as the tax system to become a well-functioning mechanism, and the ability for its manipulation to be minimized, and thus the economic damage to the state and society; it was performed an in-depth study of the main elements of the control system that ensure its continuous effective and efficient functioning; skillful presentation of the tax and social insurance control as a kind of conformity audit, followed by the element of control "regulation", due to which the control

must meet all the requirements for performing a quality tax audit, but also embody the elements of effective and an efficient control system; in-depth analysis of tax and insurance fraud in both theoretical and scientifically applied aspects.

Chapter Two "Organization of Tax and Social Insurance Control in the Republic of Bulgaria" aims to examine the structure of the tax system in the country, to analyze the forms of tax and social insurance control in it, as well as to define the problems related to it. We positively evaluate the author's summarization of the issues related to the competence of the interpretation of the tax legislation; defining the main difference between the audit and the inspection (the audit is presented as a type of tax audit); scientific analysis of the main problems of the tax-insurance system, including: the low collection of taxes, the need for change in the institutional organization of tax control in the country, the need for written rules and methodology for conducting inspections and audits, and related procedures with them, as well as the limited set of procedures used in carrying out the main forms of control compared to the tax audit.

One of the tasks of the presented dissertation is to study the possibilities for improving the control related to tax and insurance fraud by studying the best European practices (to derive the best lessons for effective application) is realized in *Chapter Three - " Guidelines for improving control related to tax and social insurance fraud"*. This specific task is aimed at those international practices that are relevant to the development and characteristics of the tax and social insurance system in Bulgaria. The main results for determining the best European practices for tax and social insurance control are achieved through: summarizing, through scientific comparison and analysis of good practices in the institutional organization of tax and social insurance control in Europe; good practices in the forms of tax and social insurance control in Europe and measures to combat tax and social insurance fraud in Europe (the three countries that have implemented some of the most effective systems of tax and social insurance control are *Germany, Great Britain and Estonia*). We agree with the conclusions made by the doctoral student that an important step in reducing and limiting fraud is the need for improved collaboration and data exchange between different countries, as well as reducing levels of corruption.

In general, the dissertation is written clearly, in a logical sequence and in a very good style. The dissertation is well structured, and its constituent parts are successfully formulated, completed and balanced. In our opinion, the formulated goals and tasks of the research in the dissertation have been achieved. **We consider it to be the personal author's work of the doctoral student. We note a lack of plagiarism in the evaluated dissertation.**

Literary sources are used in good faith and correctly. The volume of the studied and cited literature is remarkable, mostly in English.

The conclusion contains the main conclusions and assessments of the doctoral student as summarized results from the content of the three parts, which are the basis for deriving and formulating the most important achievements and contributions of the dissertation.

The scientific publications on the topic of the dissertation are published in specialized indexed scientific publications and international scientific forums.

The abstract of the dissertation is prepared in accordance with the established requirements and presents in a sufficient degree, fully and accurately the content and the contribution moments in it.

Assessment for fulfillment of the minimum national requirements: from the Information for fulfillment of the minimum national requirements for acquiring the educational and scientific degree “doctor” in the professional field 3.8. Economics, presented by the doctoral student, we found that the minimum national requirements are met - a total of 80 points.

4. Evaluation of scientific and scientific-applied contributions

The in-depth review of the dissertation gives us grounds to confirm the following contributions of scientific and scientific-applied nature:

□ An in-depth analysis defines the main guidelines for improving tax and social insurance control in Bulgaria: in the areas of its institutional organization (based on the structure of the tax system) and in the field of regulations, which will result in increasing its level of efficiency.

□ An in-depth study of the types and forms of tax and social insurance control applied in the country has been carried out. Based on this, the main problems in the application of the forms of control are identified, such as the need for written rules and methodology (lack of a detailed manual with methodology to the Social insurance code, omissions regarding the application of samples, tests of controls and analytical procedures) and the procedures related to them, as well as the limited set of procedures used in carrying out the main forms of control compared to the tax audit.

□ An in-depth analysis of the damages from the main types of tax fraud committed in the country was carried out, as well as of the structure of revenues from tax revenues in the state budget. Based on these data, conclusions have been drawn regarding the collection of

taxes in the country, as well as the main problems related to the control in the tax-insurance system have been identified.

□ Based on an analysis of official statistics related to the level of tax fraud and tax collection of countries in Europe, three European countries with the most effective tax and social insurance systems have been identified. An in-depth study and analysis of their institutional organization of tax and social insurance control, the structure of their tax systems, as well as the forms of control they apply was carried out. In addition, good practices in the regulations of European countries related to the prevention and detection of tax and insurance fraud have been studied.

5. Conclusion

Based on the above for the dissertation "**Opportunities to improve the controls related to prevention and detection of tax and social insurance frauds**" by *Leonardo Tsvetelinov Stoev*, we believe that **all the requirements of the Law** of the Development of Academic Staff in the Republic of Bulgaria and the Regulations for the implementation of it **were met**. The presented materials and dissertation results **fully comply** with the specific requirements of the Regulations for admission and training of doctoral students at the Higher School of Insurance and Finance.

The doctoral student has presented a completed scientific research, which convincingly shows that he can: systematize unsolved problems and scientific theses in the specific scientific field; to critically interpret the issues discussed; to successfully conduct independent research. The dissertation contains scientific and applied results, which can be assessed as original in theoretical and practical aspects.

Given all the above, I confidently give a **positive assessment** of the research in the dissertation and **propose to the esteemed scientific jury to award the educational and scientific degree "Doctor" to Leonardo Tsvetelinov Stoev** in the field of Higher Education 3. Social, economic and legal sciences; Professional field 3. 8. Economics; doctoral program "Accounting, Auditing and Analysis".

16.03.2021

Signature:
(Prof. Emilia Milanova, PhD)