

## REVIEW

by Oleg Yordanov Dimov - Associate Professor at the University of National and World Economy - Sofia, PhD in Economics

of dissertation for awarding the educational and scientific degree "**Doctor**"

Field of higher education 3. Social, economic and legal sciences

Professional direction: 3.8. Economics

Doctoral Program: "Accounting, Auditing and Analysis"

**Author:** Leonardo Tsvetelinov Stoev

**Topic:** "Opportunities for improving the control related to prevention and detection of tax and social insurance frauds"

**Supervisor:** Ali Ali Vysel - Professor at the Higher School of Insurance and Finance - Sofia, PhD in Economics

### 1. General description of the submitted materials

By order № 5 of 27.01. 20 21 of the Rector of the Higher School of Insurance and Finance Assoc. Prof. Grigoriy Vazov, I'm a certain member of the scientific jury for ensured January the procedures for the protection of the thesis " Possibilities for improving controls to prevent and detect tax and social security fraud " to acquire education and scientific degree "doctor" in a blast of higher education 3. Social, economic and legal Studies, professional direction 3.8. Economics, doctoral program Accounting, Auditing and Analysis. The author of the dissertation is Leonardo Tsvetelinov Stoev - PhD student in self-study at the Department of Accounting and Auditing, supervised by Prof. Dr. Ali Vysel of Higher School of Insurance and Finance - Sofia.

The materials submitted by Leonardo Stoev include the following documents:

- CV;
- Dissertation;
- Abstract of the dissertation (in Bulgarian and English);
- Copy of article;

- Copies of two reports;
- Summaries of publications;
- Reference for fulfilment of the minimum national requirements for obtaining the educational and scientific degree "Doctor" in the professional field 3. 8. Economics;
- Reference for the main scientific and applied scientific contributions in the dissertation.

I have no remarks on the documents provided by the doctoral student.

## **2. Brief biographical data about the doctoral student**

The doctoral student, Leonardo Tsvetelinov Stoev has obtained a master's degree in "Accounting, Control and Corporate Analysis" from the Higher School of Insurance and Finance - Sofia and in "Banking and Finance" from Queen Mary University of London. Since April 2019 he has been a doctoral student of independent training at the Higher School of Insurance and Finance - Sofia, doctoral program "Accounting, Auditing and Analysis".

Leonardo Stoev has more than four years of professional experience as an intern auditor (2016-2017), assistant financial officer (2017-2018), junior financial analyst (2018-2019) and accounting analyst (2018 to date).

## **3. Relevance of the topic and expediency of the set goals and objectives**

The topicality of the problem developed in the dissertation in scientific and scientific-applied terms is derived from:

- EC decisions to combat tax fraud;
- The programs of the revenue agencies for combating irregularities and fraud;
- The need to increase tax collection;
- The increase in tax fraud;
- The need for a new approach in detecting and preventing tax fraud.

The taxonomic degree is at the level of assessment of the tax system, as well as giving modern solutions to individual problems.

#### **4. Knowledge of the problem**

The doctoral student knows the problems both from a theoretical and a practical point of view. He used much of the existing literature, as well as publicly known data.

#### **5. Research methodology**

The chosen research methodology allows achieving the set goal and obtaining an adequate answer to the tasks solved in the dissertation.

#### **6. Characteristics and evaluation of the dissertation**

The dissertation consists of an introduction, presentation in three chapters, conclusion, list of references. The main text covers 146 pages. It includes 12 tables and 14 figures. The used literature includes: 66 sources in Bulgarian and 26 in a foreign language - in English, German and French. 83 sources from various websites were also used

"The object of study of the dissertation is the tax-insurance control related to the ability of the institutions to detect and prevent tax-insurance fraud.

The subject of the study is the possibility to improve the control in connection with the detection and prevention of tax and insurance fraud.

Research thesis. The main thesis of the study is that by introducing the best European practices, taking into account the Bulgarian specifics, will improve the control related to the prevention and detection of tax and insurance fraud. "

"The purpose of the dissertation is to study the legal, organizational and methodological problems related to the prevention and detection of tax insurance fraud in order to propose guidelines for improving tax insurance control in Bulgaria. Achieving this goal requires the following tasks:

1. Research of the theoretical essence 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.

2. Study of the organization of tax and social security control in Bulgaria in order to identify the problems that reduce the effectiveness and efficiency of control in Bulgaria.

3. Exploring the possibilities for improving the control related to tax and insurance fraud by examining the best European practices.

Limits:

"The focus is mainly on institutional organization, forms of control and some fraud related to value added tax, corporate income taxation, local taxes and compulsory insurance. In this regard, the methods of control as well as the ethical issues related to tax and social security control have not been studied. "

The content of the dissertation is as follows:

In the first chapter the theoretical characteristic of the tax-insurance control is considered, covering essence, content, peculiarities of the taxation and control. A description of tax and insurance fraud has been made.

Chapter two is devoted to the organization of tax and social security control and in particular to its institutional organization. An analysis of the forms has been made and the problems have been pointed out.

Chapter three is constructed on the basis of the indicated problems and the guidelines for improving the control related to tax insurance fraud are presented. A comparative analysis of good practices in Europe has been carried out, the measures for combating tax fraud are indicated.

The dissertation is sustained in structural and logical terms. Numerous literature sources and existing tax practice have been used correctly. The author proves his thesis in an appropriate way. Critical notes can be added to the work, which are reflected below.

## **7. Contributions and significance of the development for science and practice**

The main contribution, according to the reviewer, is to raise the issue at the academic level. Since 1995, the problems of tax fraud prevention have not been researched and developed in the academic literature, but there is an urgent need for it. In this sense, the dissertation gives a new

perspective for science and practice. I believe that this has a decisive contribution and the research supervisor Prof. Dr. Ali Wessel.

. According to the author, there are the following scientific and applied contributions:

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

2. An in-depth study of the types and forms of tax 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 presented, such as the need for written rules and methodology in conducting inspections and audits, 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.

3. An in-depth analysis of the damages from the main types of tax fraud committed in the country, as well as 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.

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

The reviewer agrees with the contributions indicated by the author. They have the character of upgrading existing problems and a high degree of usefulness.

## **8. Evaluation of the publications on the dissertation**

The publications presented by the doctoral student are:

The publications presented by the doctoral student are:

- article “Forms of tax and social insurance control in Bulgaria”, SEPIKE journal 3/2020 - p. 40 - 43. [Forms of tax and social security control in Bulgaria ”, SEPIKE magazine, issue 3/2020 - pp. 40 - 43.], p-ISSN: 2196-9531, e-ISSN: 2372-7438

- Report of a scientific conference in Madrid, Spain on "Education, Law, Business" - Madrid, 2020, on "Institutional organization of tax and social insurance control in Bulgaria" - p. 37-39. ["Institutional Organization of Tax and Social Security Control in Bulgaria" - pp. 37-39.], ISBN: 978-2-5494-0322-3

- \* Report at a scientific conference in Steyr, Austria on "Science and innovation" - "Steyr, 2020", on "Efficiency of the municipal tax administration in Bulgaria" - p. 71- 74. ISBN: 978-3-953794-29-5

The publications, in my opinion, reflect essential parts of the dissertation. The doctoral student did not provide information about the citations of his publications.

## **9. Assessment of compliance with the minimum national requirements**

The doctoral student has fulfilled the minimum national requirements for obtaining the educational and scientific degree "Doctor" in the professional field 3.8. Economics.

## **10. Personal participation of the doctoral student**

The reviewer's assessment of the doctoral student's personal participation in the dissertation research and the formulated contributions and obtained results are his personal merit. The reviewer did not find plagiarism in the evaluated dissertation.

## **11. Abstract**

The abstract meets the requirements, reliably and correctly follows the content of the dissertation and reflects the main results achieved in it.

## **12. Critical remarks and recommendations**

1. The work would benefit if other modern forms of control were considered

Interesting for science are the observations and analyzes, the modeling of the processes, the cash stocks, the material stocks, the receivables and others. By implementing them, the tax administration managed to raise millions of leva.

2. Tax control relies on a risk-based approach. Based on the tax risk, the need for control is determined. The dissertation does not mention a word about tax risk.

3. There is no comparative analysis between tax and customs control in order to be able to draw a reasonable conclusion about their merging. Tariffs are the EU's traditional own resource. 80% goes to the EU budget, while taxes are 100% owned by the Member State.

### **13. Personal impressions**

I do not know the doctoral student and I have no personal impressions of him.

### **14. Recommendations for future use of dissertation scientific contributions and results**

The combination of 2 types of control is aimed at control to the client, which will give greater transparency to the actions of the individual client, group of clients in national and international aspect.

The current situation is an expression of a model of tax control. So the picture is whether a tax is collected or not, not the overall state. One person pays a lot of taxes.

Tax evasion through fraud has become a profession. It cannot happen without accountants and lawyers. What is needed is not only a new body to monitor tax crimes and individual actors, but the formation of a new environment.

The merging of the revenue agencies is appropriate for the forthcoming electronic transformation. This will cover GTOOG tasks.

### **CONCLUSION**

The dissertation contains scientific, scientific-applied and applied results, which represent an original contribution to science and meet all the requirements (s) of the Law for the Development of the Academic Staff in the Republic of Bulgaria (ZRASRB) and the Regulations for application of ZRASRB. 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 dissertation shows that the doctoral student Leonardo Tsvetelinov Stoev has in-depth theoretical knowledge and professional skills in Professional field 3. 8. Economics, demonstrating qualities and skills for independent research.

Due to the above, I confidently give my positive assessment of the study presented by the above peer-reviewed dissertation, abstract, results and contributions, and I offer 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".

17.03.2021

**Reviewer:**

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(Oleg Yordanov Dimov, Associate Professor, PhD)