

REVIEW

by Professor Valentina Lyubenova Nikolova-Alexieva, PhD

of a dissertation for the award of a scientific Doctor of Science degree
in the field of higher education 3. Social, economic, and legal sciences

Professional field 3.8. Economics

Author: **Bożena Agnieszka Sowa**

Title: *Indirect taxes and their impact on the level and structure of state budget revenues.
Analysis on the example of Poland for the years: 2017-2021*

1. General description of the submitted materials

Following Order No. 105 dated March 1, 2023, the Rector of the Higher School for Insurance and Finance - Professor Boris Velchev, was appointed as a member of the scientific jury for providing a procedure for the defense of a dissertation on the topic of **Indirect taxes and their impact on the level and structure of state budget revenues. Analysis on the example of Poland for the years: 2017-2021** for obtaining the educational and scientific degree "Doctor of Science" in the field of higher education 3. Social, economic, and legal sciences, Professional field 3.8. Economics, the Ph.D. program "Finance, Insurance, and Social Security". The author of the dissertation is **Bożena Agnieszka Sowa Ph.D.**

The evaluation was made based on the submitted documents according to the following list:

1. Abstract ONS Doctor.
2. Abstract of the dissertation for the degree "Doctor of Science."
3. Dissertation on *Indirect taxes and their impact on the level and structure of state budget revenues. Analysis on the example of Poland for the years: 2017-2021* for the degree of Doctor of Science.
4. Summaries of publications.
5. Reference to the citations.
6. Reference national minimum requirements.
7. Autobiography.

In addition to the dissertation, the candidate submitted 26 publications consisting of a monograph, chapters in monographs, and scientific articles.

The submitted documents meet the requirements and provide an opportunity to examine and evaluate the candidate's scientific achievements.

The dissertation runs to 419 pages, of which 367 are the main/basic text and include 14 figures and 22 tables. The bibliographic list consists of 504 items of literature.

2. Topicality of the topic and expediency of the set goals and tasks

The dissertation presented here is a topical and fundamental issue: the central budget's tax revenues with particular emphasis on indirect tax revenues. This is because, from an economic point of view, the tax is an excellent opportunity for the state to collect the national product produced in real terms.

The subject matter undertaken in the dissertation is not easy, as it requires knowledge of the issues of national and EU law and public finance. Thus, a multifaceted issue imposes a multifaceted scientific study of this phenomenon. Of particular importance is the fact that indirect taxes (especially excise taxes) have been harmonized at the level of the European Union, which introduces significant restrictions on the freedom of tax construction and thus affects the size of budget revenues. It should be noted that the harmonization process has created a single market and laws to prevent fraudulent activities. However, customs and fiscal offenses work to the detriment of the state budget. The author has devoted much attention to these issues and the tax gap (VAT) while pointing out the reduction in budget revenues.

The state budget, based primarily on tax revenues, should not only finance the day-to-day functioning of the state but also - to a large extent - set the direction of its development. Considering efficiency and revenue to the state budget, the fiscal function is fulfilled most fully in Poland by VAT and excise taxes, while to a small extent by the game tax.

In the context of the above, the topic of the dissertation is fully justified and timely. The dissertation in question is an important scientific work. I consider the set boundaries of the issues presented in it in many places as original and valuable from both theoretical and practical points of view.

The purpose, scope, and subject of the thesis are appropriately defined and provide an opportunity to evaluate the scientific results achieved.

3. Knowledge of the problem

The tax system, its functioning, and skillful actions taken in the area of the fiscal system have a considerable impact on the socio-economic situation of the country and, in particular, on the formation of budget revenues and, consequently, on the budget deficit and the development of the budget sphere financed, from the redistribution of departmental budget revenues.

The candidate, conducting scientific research for 2017-2021 demonstrated thorough and reliable knowledge, reflected in the theoretical and analytical parts of the dissertation. This is because one notices a very good knowledge of the analyzed issues and a good scientific workshop.

In general, the work is compact, is written in a good style, the numerical information is given synthetically in tabular form or diagrams, and is accompanied by verbal commentary and the author's synthetic conclusions.

The content of the work is very well documented, containing 504 source materials, a significant part of which are the most outstanding works of scientific literature and national and international legal acts.

4. Research methodology

The problems of the work are divided into two areas: theoretical and empirical. In the theoretical part, which includes the first part of the work, the author used a descriptive method using domestic and foreign literature on the subject by recognized authors of scientific works on public finance and tax law. Concerning the tax base and tax rates, especially in the context of excise taxes, an analysis of domestic and Community law sources was made. Depending on the stage, the inference was conducted based on deductive and inductive methods for the dissertation.

In the second part of the work (empirical area), quantitative analysis was applied. First, statistical data (published and unpublished) of central institutions for 2017-2021 and 2022 were used in formulating preliminary budget forecasts.

5. Characteristics and evaluation of the dissertation

The work consists of 7 chapters, an introduction, and a conclusion. In turn, the content of each chapter is divided into subsections and points.

Chapter I presents concepts related to tax issues paying particular attention to the issue of tax construction, their classification, and the functions they perform in the market economy.

The second part of the chapter presents the theoretical aspect of indirect taxes.

Chapter II presents the current tax system in Poland, with particular attention to its impact on the formation of central budget revenues.

Chapter III presents the problem of harmonizing indirect taxes in the context of the common market concept.

Chapter IV of the work illustrates the sources of state budget revenues with particular emphasis on tax and non-tax revenues.

Chapter V presents an analysis and evaluation of budget revenues from the tax on goods and services as an essential source of budget revenues. A comparative analysis (plan - execution) of budget revenues is made, and the reasons for the differences are pointed out, with particular attention to the period of the COVID-19 pandemic and its impact on the realization of VAT revenues.

Chapter VI refers to the excise tax occupying the second place in the group of indirect taxes regarding budget receipts. An analysis of budget receipts for 2017-2021 is made,

The last, Chapter VII, refers to assessing the level and dynamics of budget receipts from the gambling tax, which is classified as an indirect tax. Although its share in budget revenues is negligible, it is a constant source of revenue for the central budget.

The conclusion presents the main conclusions of the empirical research.

The publication and the candidate's academic record indicate that indirect taxes are the most complex and subject to the most frequent changes in tax laws. Not without significance is also the EU legislation, which has influenced the formation and change of the tax system in Poland.

The role of the state budget (enacted by the Budget Law), which contains - in addition to provisions of a normative nature - a financial plan that determines state revenues (revenues) and expenditures (expenditures) for the calendar year, has been repeatedly emphasized, and the

budget, being an annex to it, consists of a set of tables containing precise amounts of public money. This legal act is crucial for the functioning of the state and local government units.

The theoretical considerations were documented by conducted studies covering the period 2017-2021 while emphasizing the importance of external factors that have a decisive influence on the formation of the level and structure of income.

The considerations presented are essential from the point of view of the efficiency of the state's financial system and the implementation of planned budget expenditures in the context of factors of a macroeconomic nature that- significantly affect this state of affairs. It is noted in the final period of research in connection with the COVID-19 pandemic and the relatively high inflation rate in Poland. The author analyzed and attempted to assess to what extent they contributed to budget revenues from essential taxes, which are undoubtedly indirect.

It is also noteworthy that the author assessed government decisions affecting the sealing of the tax system while giving the effects of the solutions taken, especially in the context of a critical tax such as VAT.

The work legitimizes a good substantive level. It is an independent solution and explanation of economic phenomena in public finance. The author analyzed and evaluated statistical data on the background of the current law and documented literature on the subject. The issues considered in this work are fundamental, but sometimes they are also disputed (for example, in the context of increasing tax rates or limiting reliefs or exemptions).

It represents an original solution to a scientific problem and demonstrates the author's general theoretical knowledge and ability to conduct scientific work independently.

6. Contributions and significance of the development for science and practice

I fully support the contributions made by the candidate.

➤ **Contribution to the development of science**

It has been proven that the fundamental determinants of the actual fiscal efficiency of taxes are their design, which influences taxpayer behavior and the tax collection environment. This phenomenon is particularly evident in the case of key indirect taxes, i.e., VAT and excise taxes. The above determinant also influences tax avoidance, which aims to reduce the tax

burden or even tax evasion. This phenomenon is fostered by the unstable macroeconomic situation, as this publication proves.

➤ **Practical application of the solutions adopted by the author**

During the research, the reasons for the low efficiency of budget revenues from indirect taxes were pointed out, noting that this is influenced not only by factors of an economic nature (especially macroeconomic) but also by the actions of bodies overseeing the enforcement of budget receivables. It was noted that in Poland, the process of implementing changes in the scope of activities of tax administration bodies to ensure high efficiency of tax collection has begun. However, the effects of these measures are reasonably measurable in the coming years.

7. Evaluation of the publications on the dissertation

The publications fully meet the requirements for their number, type, and place of publication. In this review, we focus on the quality of the publications:

- The publications cover mainly the period after 2014, i.e., they are relatively new and reflect current issues;
- Although relatively new, the publications have already been cited by many authors in refereed and non-refereed publications, which illustrates the relevance and innovation of the theoretical and practical charge of the candidate's work;
- The topics of the publications, except for one, are entirely and directly focused on the individual aspects of the dissertation, which not only summarizes the publications but builds on the achieved scientific results in the individual publications;
- Notably, most publications continue participating in scientific conferences, seminars, and round tables. It enabled the candidate to think well, present balanced discussions, and defend her thesis with reliable arguments.

8. Assessment of compliance with the minimum national requirements

After checking the data from the Reference for the implementation of the minimum national criteria, according to Art. 2b, para. 2 and 3 of ZRASRB, I consider that the academic achievements of the candidate significantly exceed the requirements for acquiring the scientific

degree "Doctor of Sciences" in Professional field 3.8. "Economy". With a minimum threshold of 350 points, Dr. Bozhena Sova fulfilled the indicators with a total of 605 points. It is worth noting that the publications refer to highly current and relevant issues concerning Poland and other countries. This is justified by the increasing number of citations not only in domestic publications, both indexed and non-indexed (articles, monographs, collective works) but also in foreign publications, which proves the scientific recognition of the Author.

9. Personal participation of the candidate

The dissertation is the result of independent scientific research, most of which has been presented at scientific forums. Theoretical sources and institutional reports and documents are used and cited correctly. The requirements of Art. 29, para. 6 of ZANSRB and currently there is no evidence of plagiarism in the author's scientific works.

10. Abstract

The dissertation work for obtaining the scientific degree "Doctor of Sciences" is presented in an abstract of 58 pages. The candidate has presented the main hypotheses and argued and defended them in the dissertation. The aims, objectives, methodology and limitations of the study are indicated. The abstract accurately reflects the structure of the dissertation. It is properly structured, the individual parts are logically connected to each other and form a certain whole (the sequence is preserved). The greatest attention is paid to the content in chapters IV-VII, on whose pages a thorough analysis of the financial data, presented in terms of value and percentage, has been carried out, and the obtained results have been correctly interpreted. The author demonstrates the ability to formulate conclusions and generalizations and, based on the analysis, can define predictions. The conclusions drawn for each of the parts are reflected. In turn, summaries related to the overall work are included in the conclusion of the dissertation, emphasizing the external and internal factors affecting the efficiency of the modern tax system in Poland.

I rate the abstract as properly structured and reflective of the research results presented in the dissertation.

11. Critical remarks and recommendations

- **Main opinion:** Quality thesis, well illustrated, clearly defined contributions with development potential.
- **Critical remarks:** I have no significant critical remarks about the dissertation research.
- **Recommendations:** I believe that the results of the dissertation are extremely useful in a theoretical and practical aspect, both for legislators, central units working in the field of public finance and economics, and for students. Therefore, I recommend that Bozhena Sova, PhD publish the results of this dissertation and develop them further in monographs and textbooks. I also recommend that scholarly work continue in this specific interdisciplinary area.

12. Personal impressions

I do not personally know the author of the dissertation, and we do not have a typical academic record. However, based on the submitted material, I note that the author has been scientifically engaged in tax issues for many years with outstanding commitment and knowledge of the issues raised.

Academic achievements indicate specialized theoretical and practical knowledge in public finance concerning the state budget and tax system.

13. Recommendations for future use of dissertation contributions and results

The presented work is a new approach to the problem addressed, especially on the studied problem taking into account the efficiency of the modern tax system in Poland and the new factors that directly affect the efficiency of this system.

The qualities of the Candidate's work and achievements can be put into the following points:

- 1) the paper identifies new determinants of the efficiency of the tax system,
- 2) the research carried out is valuable mainly due to the specifics of public finance,
- 3) the prepared work can provide substantive material for principals making decisions on changes in the construction of taxes and increasing the efficiency of the customs and tax apparatus,

- 4) the content of the work contains essential clues as to internal and external factors directly reflected in the preparation of budget bills.

CONCLUSION

The dissertation contains results that represent an original contribution to science and meet all the requirements of the Law on the Development of Academic Staff in the Republic of Bulgaria (ZRASRB) and the Regulations for implementing the ZRASRB.

The candidate has high professional qualities and is an established and innovative scientist with a high scientific reputation. The dissertation shows that the candidate **Bożena Agnieszka Sowa** has in-depth theoretical knowledge and skills in Professional field 3. Economics, demonstrating a high capacity for independent research and their application in practice.

Due to the above, I confidently assess the research presented by the above-reviewed dissertation, abstract, results, and contributions. I invite the esteemed scientific jury to award the Doctor of Science degree of **Bożena Agnieszka Sowa** in the field of higher education 3. Social, economic, and legal sciences; Professional field 3. 8. Economics.

March 14, 2023

Plovdiv city

Reviewer:

/Prof. V. Nikolova-Alexieva, PhD/