

REVIEW

Review by **Assoc. Prof. Lyudmil Vasilev Naydenov, Ph.D.**, University of Economics – Varna (scientific specialty “Finance, monetary circulation, credit and insurance”), **member of the Academic Jury** in the procedure for awarding the educational and scientific degree Ph.D. at D. A. Tsenov Academy of Economics – Svishtov for doctoral candidate **Diman Hristov Karanfilov** under the doctoral program “Finance, monetary circulation, credit and insurance (Finance)”

Prepared by: Assoc. Prof. Lyudmil V. Naydenov, Ph.D.

Author of the dissertation: Diman Hristov Karanfilov

Dissertation title: “Improving Fiscal Techniques in VAT Taxation in Bulgaria and Romania”

Grounds for presenting the review: participation in the Academic Jury for the defence of a dissertation pursuant to Order No. 307/09.04.2026 of the Rector of D. A. Tsenov Academy of Economics – Svishtov on the opening of the procedure and approval of the composition of the Academic Jury.

This review has been prepared in accordance with the requirements of the current Law on the Development of the Academic Staff, the Rules for its application and the Rules for the Development of the Academic Staff at D. A. Tsenov Academy of Economics – Svishtov.

I. General presentation of the dissertation

1. Object, subject and volume of the research

The object and subject of the research are *formulated appropriately*. The object is “the systems for taxation with value added tax in Bulgaria and Romania” (p. 9). The subject covers the specific fiscal techniques, procedures and control mechanisms whose improvement results in a reduction of VAT fraud and an increase in tax revenue.

The dissertation has a total volume of 187 pages, of which 157 constitute the main text, 17 pages cover the title page, table of contents, introduction and conclusion, 10 pages are devoted to bibliographical sources, and 3 pages to lists of abbreviations, figures and tables. The theoretical substantiation and data from the achieved results are visualised in the main text with 3 tables and 13 figures.

The volume of the work is commensurate with the formulated object and subject, as well as with the aims and tasks set for the study. It is sufficient for their achievement.

2. Structure

The dissertation is structured into an introduction, five chapters, a conclusion and a bibliography. A list of abbreviations, figures and tables is also included. *The chosen structure is logical and scientifically sound.* The research thesis is formulated appropriately, expressed in “demonstrating the potential for improving fiscal techniques in VAT taxation in Bulgaria and Romania, based on European harmonisation, national trends and mutual exchange of goods, capital and good practices for the prevention of tax fraud” (p. 10). *The thesis* correctly reflects the content and main contributory elements of the dissertation. *The main aim* is to analyse the VAT fiscal techniques in Bulgaria and Romania and to identify opportunities for improving the national system based on Romanian experience. Several key issues are addressed in the five main parts.

Chapter One builds the theoretical and methodological foundation of the research. The economic nature and principles of VAT are examined, the evolution of the European regulatory framework from the Sixth Directive to contemporary reforms is traced, and the fiscal techniques in tax administration are analysed. Based on a broad review of European experience, systemic problems are identified (including tax non-compliance, carousel fraud and technological challenges). The interrelationship between European harmonisation and national specifics is traced precisely.

Chapter Two presents a comprehensive analysis of the Bulgarian VAT system. The subject of comment includes the regulatory framework, institutional structure, fiscal techniques and the dynamics of budget revenue. The problems facing the revenue authority are investigated in depth, including technological lag and the shortage of qualified staff. Through an econometric analysis for the period 2015–2024, an exceptionally strong positive correlation ($r = 0.9970$) between gross value added and VAT revenue is established. The cited result is of unquestionable practical value for fiscal planning.

Chapter Three examines the Romanian VAT system (regulatory framework, fiscal techniques and revenue dynamics). Special emphasis is placed on the technological innovations introduced, including mandatory e-invoicing, a transport document system and a split payment mechanism. It is demonstrated that the application of the cited innovations significantly reduces the tax non-compliance gap and establishes Romania as a model of good European practice. The methods chosen for evaluating the outcomes of the Romanian reforms can be assessed as appropriate.

Chapter Four contains a comparative analysis of fiscal techniques in the two countries and formulates specific recommendations for improving the Bulgarian system. Positive assessment is deserved by the systematisation of innovative approaches and the sound structuring of the six recommendations. These are reduced to: the introduction of e-invoicing, the phased implementation of split payment, enhanced registration controls, improvement of risk analysis, deepened bilateral cooperation and simplification of legislation. The recommendations are realistic and grounded in proven foreign experience.

Chapter Five analyses, through graphic schemes and real case studies, the four most widespread mechanisms of VAT fraud. Official data from the National Revenue Agency for the period 2017–2021 are used, illustrating the growing volume of declared intra-Community supplies and acquisitions and the imbalance in administrative cooperation between the compared countries. Proposals for counteraction are formulated, including legislative amendments, enhanced information exchange between revenue authorities through the Eurofisc, SCAC and MCL instruments, and a multidisciplinary approach against organised cross-border crime.

3. Literature and appendices

The dissertation uses a *substantial base of Bulgarian and foreign literary sources and regulatory documents* (91 in total, including 46 in Bulgarian). It can be concluded that the doctoral candidate builds on a relatively broad and diverse set of works, which have been used in good faith.

The dissertation lacks appendices related to the subject matter of the main exposition. A Declaration of originality and authenticity and a Statement of compliance with national requirements under the Rules for the Application of the Law on the Development of the Academic Staff in the Republic of Bulgaria are attached.

II. Assessment of the form and content of the dissertation,,

1. Assessment of the relevance and development of the researched scientific problem

In conditions of growing fiscal challenges, the effective administration of value added tax becomes a key mechanism for achieving the sustainability of public finances. VAT accounts for between 25 and 35 percent of total tax revenue in EU Member States, and this share is similar in Bulgaria and Romania. The difference between the tax due and the tax actually collected (the tax non-compliance gap) reaches dimensions that European institutions

describe as unacceptable: according to European Commission data for 2019, uncollected VAT revenue in the EU exceeds €134 billion. According to the latest report (December 2025) for 2023, the tax non-compliance gap in Bulgaria stands at 8.6%, while in Romania it is 30.0%, with our northern neighbour ranking last among Member States. The overall tax non-compliance gap in the EU reaches €128 billion for 2023. The cited figures place the two countries in diametrically opposed positions in the European ranking, while at the same time linking them to the common (and undeniably relevant) problem of cross-border fraud in intra-Community transactions.

The relevance of the research stems from several interrelated circumstances. *First*, Romania is undertaking wide-ranging reforms in VAT administration and the results are encouraging: the tax non-compliance gap is narrowing. *Second*, Bulgaria and Romania are connected by an intensive trade flow – by 2021 it reaches nearly €6 billion, with the volume of declared transactions between the two countries growing steadily. This makes bilateral cooperation and the exchange of experience not only advisable but necessary. *Third*, organised cross-border crime is developing increasingly sophisticated VAT fraud schemes, in which weaknesses in the coordination between national revenue administrations are systematically exploited.

In light of the above, the study of fiscal techniques in VAT taxation in the two countries is relevant, practically significant and timely.

The dissertation is well developed, *meets the main prerequisites for a quality scientific study and the minimum national requirements* related to the procedure for obtaining the educational and scientific degree Ph.D. Both theoretical and methodological and practical and applied aspects are covered in the main exposition.

2. Opinion on language and toolkit of the dissertation

The doctoral candidate is well acquainted with the degree of development of the problems he addresses in the specialised economic literature, as well as with contemporary achievements in the field of taxation. In this regard it should be emphasised that *the language (style) used in the work is scientific*, ambiguous statements are absent, and the arguments on which doctoral candidate Diman Karanfilov bases his conclusions are derived after authorial analysis. The research findings are clearly formulated and presented.

The methodological toolkit is based on a mixed research approach combining various methods of scientific analysis. The comparative method is used for juxtaposing the national tax systems of Bulgaria and Romania. A statistical method is applied for the analysis of revenue and collection data. The normative method serves to examine legislation and legal acts. The

systemic approach allows the tax system to be viewed as a coherent structure of interrelated elements. *The empirical base* of the research includes official statistical information for Bulgaria and Romania. Data from the National Revenue Agency and its Romanian counterpart are used. The annual reports of the European Commission on the VAT non-compliance gap have been reviewed. Publications of the European Court of Auditors on the state of tax systems have been analysed. *The methodological toolkit employed by the doctoral candidate provides a reliable foundation for the research and allows for the formulation of adequate conclusions and proposals.*

3. Opinion on how accurately the abstract reflects the work

The abstract follows the structure and content of the dissertation, reflects its merits and meets the standards for preparing an abstract of a dissertation. A declaration of originality is attached on the last page.

4. Publications on the dissertation topic

For participation in the competition, the doctoral candidate submits three publications – one study, one article and one conference paper. The study is published in the Annual Almanac “Scientific Research of Doctoral Students of D. A. Tsenov Academy of Economics – Svishtov”, and the article in the electronic scientific journal “Scientific Atlas”. A positive impression is made by the fact that the conference paper was presented at a forum held outside D. A. Tsenov Academy of Economics. In this case it concerns the International Scientific Conference of Young Scholars “The Economy of Bulgaria and the European Union: 20 Years Since the Signing of the Treaty of Accession of the Republic of Bulgaria to the European Union and Membership in the Eurozone from 1 January 2026”, organised by UNWE. The publications are on the dissertation topic, which satisfies the requirement to ensure publicity of the doctoral candidate’s research results, and in quantity (1 study × 15 pts + 2 articles and conference papers × 10 pts = 35 pts) *meet the minimum national requirements for obtaining the educational and scientific degree Ph.D. in professional field 3.8 “Economics”.*

5. Originality of the scientific product and regulatory compliance

The dissertation is distinguished by a pronounced authorial presence. No plagiarism was found or established (in accordance with the result presented by D. A. Tsenov Academy of Economics from a check with specialised software – StrikePlagiarism), which gives grounds to conclude that it is the *original work* of the doctoral candidate.

It should be concluded that Diman Karanfilov *fulfils* the national minimum requirements under the Development of Academic Staff in the Republic of Bulgaria Act

(Article 2b (2) and (3)) and the Regulations for the Application of the Development of Academic Staff in the Republic of Bulgaria Act (Article 24 (1)).

III. Scientific and applied contributions of the dissertation

1. Presence of new scientific ideas and results with an opinion on their significance

I accept the scientific and applied contributions indicated by the doctoral candidate. Results have been achieved both in the general theoretical and in the practical and applied aspect. These are of unquestionable *significance*. The main contributory points can be identified along the following lines:

First. A comprehensive comparative characterisation of the VAT systems in Bulgaria and Romania has been developed, systematising the similarities, differences and specific national approaches in tax administration. The analysis reveals concrete structural and technological asymmetries between the two systems (including differences in the registration threshold, procedures for tax refund and mechanisms for blocking tax identification numbers) and proposes an analytical framework for their interpretation. The comparison is supported by an econometric analysis for the period 2015–2024, establishing an exceptionally strong positive correlation ($r = 0.9970$) between gross value added and VAT revenue in Bulgaria. Consequently, the author's approach takes the research beyond qualitative analysis and endows it with rigorous quantitative grounding.

Second. An in-depth critical analysis of Romanian technological innovations (mandatory e-invoicing, split payment and integrated monitoring systems) has been carried out, and their effect on the reduction of foregone tax revenue (a reduction of the tax non-compliance gap by approximately 13 percentage points, for the period under study) has been evaluated. The cited authorial analysis should be interpreted as a contribution to the knowledge of the effectiveness of digital fiscal instruments. The research traces not only the outcomes but also the logic of the phased introduction of the reforms, the challenges of implementation and business resistance, which lends the work the necessary practical depth. Particularly valuable is the examination of the RO e-TVA system, which integrates data from electronic invoices, transport documents and banking operations for the automatic detection of discrepancies in real time.

Third. A system of specific, applicable recommendations for improving the Bulgarian VAT system has been formulated (grounded in proven practice rather than theoretical

assumptions), encompassing the phased introduction of e-invoicing, a split payment mechanism and AI-driven risk analysis. The recommendations are structured across six areas and are aligned with the actual administrative capacity of the National Revenue Agency, the available technological infrastructure and the specifics of the Bulgarian business environment. The proposal for voluntary participation in the split payment mechanism with concrete incentives such as accelerated tax refund and a reduced number of audits can be assessed as realistic and implementable in the short term.

Fourth. A co-evolutionary model of Bulgarian–Romanian administrative cooperation in the field of fiscal control has been substantiated, encompassing joint audits, sharing of technological solutions and regional initiatives at the Balkan level, aimed at more effective counteraction to cross-border tax fraud and carousel schemes. The model is grounded in an analysis of real data from the National Revenue Agency for the period 2017–2021, illustrating the growing volume of declared intra-Community supplies and acquisitions between the two countries and revealing a significant imbalance in the intensity of administrative interaction. The four schematically visualised fraud mechanisms, developed on the basis of real case studies, are characterised by scientific and applied value.

IV. Critical remarks, recommendations and question

I would like to put forward *two recommendations*. First, the practical usefulness of the research (including for the revenue authority) calls for a quantitative assessment of the expected effect of introducing the Romanian measures in Bulgaria. Such a projection is a logical continuation of the doctoral candidate's work and a natural next step in his academic pursuits. Second, it is advisable to extend the comparative analysis to include a third country. In this regard, Poland or the Czech Republic are suitable candidates, as both are introducing e-invoicing under a similar economic structure. This would more conclusively verify the applicability of some of the proposed measures. It should be noted here that such an extension of the analysis falls outside the scope of the defined object and subject of the dissertation. It may therefore be interpreted as a direction for future work on the topic.

I would also like to formulate *one question* to the doctoral candidate. European Commission data show that the tax non-compliance gap in Romania fell from 30.9% in 2019 to 26.6% in 2022, before rising again to 30.0% in 2023. In fact, over the period 2019–2023,

the VAT non-compliance gap decreased by less than one percentage point. How would the author interpret the cited data?

V. Overall evaluation of the dissertation and conclusion

The dissertation submitted for review meets the established scientific and technical requirements for preparing such a study and is in accordance with the criteria for awarding the educational and scientific degree Ph.D. in the field of social, economic and legal sciences.

The author demonstrates the ability to adequately clarify theoretical positions related to taxation and fiscal techniques in VAT administration, to make reasoned conclusions and substantiated proposals. The structure of the dissertation, aligned with the main research thesis, the precise analysis, the reasoned conclusions and summaries give me grounds to propose to the members of the respected **Academic Jury to give their positive vote for awarding the educational and scientific degree Ph.D. to Diman Hristov Karanfilov** in the field of higher education 3 – Social, economic and legal sciences, professional field 3.8 Economics, scientific specialty “Finance, monetary circulation, credit and insurance (Finance)”.

Varna, 22 May 2026

Prepared by:

(Assoc. Prof. Lyudmil Naydenov, Ph.D.)