

REVIEW

by **Professor Dr Daniela Nikolova Bobeva-Filipova**

of a dissertation submitted for the award of the scientific degree **Doctor of Sciences**
in **Higher Education Area 3. Social, Economic and Legal Sciences**
Professional Field 3.8. Economics

Author: Viktor Yotsov

Title: *Between Efficiency and Equity: Assessing the Effects of the Flat Tax in the Countries of Central and Eastern Europe*

1. General Description of the Submitted Materials

Pursuant to Order No. 124/27.02.2026 of the Director of the Institute for Economic Research at the Bulgarian Academy of Sciences, I was appointed as a member of the Scientific Jury in the open procedure for the defense of a dissertation for the award of the scientific degree Doctor of Sciences, with **Professor Dr Viktor Yotsov** as candidate.

The submitted materials (dissertation, abstract, statement of compliance with minimum national requirements, statement of scientific contributions, list of publications, list of citations, and table of econometric indicators) provide a sufficient basis for a comprehensive evaluation.

This review has been prepared in accordance with the Academic Staff Development in the Republic of Bulgaria Act, as well as the Regulations on the Awarding of Academic Degrees and the Appointment to Academic Positions at the Institute for Economic Research at the Bulgarian Academy of Sciences.

2. General Description of the Dissertation and Assessment of Compliance with the Requirements

The dissertation is structured into seven chapters and comprises 301 pages, of which 39 pages consist of appendices. In terms of structure, organisation, and logical coherence of the research, the author has achieved an exceptionally high standard of academic scholarship.

Despite its focus on Bulgaria and Central and Eastern Europe Central and Eastern Europe, the dissertation possesses a considerably broader conceptual scope.

Relevance and Significance of the Topic and the Research

The author positions his dissertation within the field of **political economy** Political Economy. In this context, the relevance of the topic is associated with three important factors.

First, in conditions of political uncertainty and rising populism, higher taxation of higher-income groups creates a favourable environment for renewing the discussion on Progressive Tax.

Second, as the author rightly notes, “fiscal concerns”, and above all weak fiscal policy, necessitate the search for new sources of state budget revenue. The growing tendency of

governments to redistribute an ever larger share of GDP, together with the expansion of public debt driven by inefficient public expenditure, has intensified the debate on changes in tax rates and forms of taxation.

Regrettably, the classical model of tax competition, developed by George R. Zodrow, Peter Mieszkowski, and John Douglas Wilson (Wilson, 1986, 1999), in which multiple jurisdictions compete for mobile capital by offering lower tax rates, thereby generating a “race to the bottom”, has in recent years — and appears likely in the foreseeable future — been replaced by precisely the opposite tendency: a “race to the top.”

Third, as the author correctly observes, there has been a substantial shift in the policy stance of international financial institutions and organisations in recent years regarding flat taxation. These institutions now increasingly favour, and in some cases explicitly encourage, countries with comparatively low tax rates to raise them and to move away from flat tax regimes. Tax competition forms part of broader global economic competition, while the introduction of global minimum taxation, tariff conflicts, and related measures represent instruments aimed at constraining competitive market advantages.

Methodology

The complexity of the impact of taxation on economic performance and income redistribution makes it an exceptionally difficult subject of scholarly inquiry. The candidate deserves particular commendation for the way in which the problem has been framed and for the ambition demonstrated in seeking to provide a reasoned and evidence-based answer to it.

The dissertation is founded on a critical approach to the current tax system and seeks mechanisms for its improvement in pursuit of a higher degree of social justice. Considerable work has been undertaken in the collection, structuring, and synthesis of information.

At the core of the methodology — which incorporates multiple scientific approaches — lies the application of the synthetic control method Synthetic Control Method. Given the selected topic and the author’s intention to seek arguments in support of the central thesis not only in Bulgaria Bulgaria but also across other countries of Central and Eastern Europe Central and Eastern Europe, I consider this method entirely appropriate and effective, notwithstanding the fact that the results are often contradictory and in many cases require further explanation based on factors and events that are inherently difficult to measure.

Quantitative assessment of the effects of any particular form of taxation is invariably burdened by numerous assumptions and limitations. It is especially important to note the difficulty of isolating the effects of the flat tax in conditions shaped by multiple interacting factors across different periods and different economies. In this regard, the author has employed all available methodological tools in order to arrive at reliable estimates and well-founded conclusions.

Although the dissertation clearly places the author among those who support the thesis of introducing progressive income taxation Progressive Tax, the study cannot be characterised as one-sided. Opposing arguments are comprehensively covered and discussed with scholarly

fairness. In this sense, the dissertation presents a balanced examination of the opportunities and risks associated with alternative forms of income taxation.

Originality of the Submitted Work and Reliability of the Scientific Evidence

The decision to develop the research along the axis of “**efficiency–equity**” is original and provides a strong conceptual framework for advancing the author’s central thesis.

Although the object and subject of the research are clearly defined and concrete, this work offers considerably more than an analysis of tax models. It includes a detailed and highly professional examination of macroeconomic dynamics, the changing developmental environment of economies, and both economic and non-economic drivers of policy change — ranging from privatisation to social policy.

The dissertation formulates a clearly defined political-economic problem, with precise articulation of the research aims and objectives. Its focus and analytical depth are ensured by the formulation of **five core hypotheses**, which determine both the methodological choices and the internal logic of the research.

Detailed discussion of the methodological limitations of the results obtained constitutes clear evidence of scientific precision and scholarly integrity.

The dissertation also offers theoretical generalisations of considerable importance to the debate on the Bulgarian tax system. It is meticulously presented, while the research process and findings are communicated clearly and in logical sequence.

The candidate demonstrates comprehensive command of the theoretical literature in the field, as evidenced not only by the depth of the literature review, but also by the breadth of publications and citations. Global scholarly achievements related to the dissertation problem are systematically organised and critically analysed, with clear identification of the evolution and transformation of theoretical and policy perspectives across different countries.

3. Contributions and Significance

The candidate has formulated his scientific contributions in four principal areas. The dissertation undoubtedly extends existing economic theory within a broader analytical and conceptual framework.

A comprehensive methodological toolkit has been developed, incorporating both quantitative and qualitative analysis, as well as contemporary analytical methods.

Although the author states that his findings are consistent with those established in the literature, it should not be overlooked that there exists a substantial body of scholarship employing alternative approaches and research methodologies that arrive at different conclusions.

The author’s principal contribution lies in the fact that, for the first time in Bulgarian academic literature, a comprehensive study of the current tax system — and, in particular, of income

taxation — has been undertaken, supported by empirical evidence and by the skilful application of methods for analysing and measuring effects.

4. Assessment of the Publications

The submitted publications fully satisfy the requirements regarding their number, type, and academic character. They primarily address macroeconomic issues and have been developed to a high scholarly standard, as evidenced by the considerable number of citations they have received.

5. Assessment of Compliance with the Minimum National Requirements

Having reviewed the information contained in the Statement of Compliance with the Minimum National Requirements, I am of the opinion that the candidate's academic achievements substantially exceed the minimum criteria required for the award of the scientific degree Doctor of Sciences in Professional Field 3.8. Economics.

While the minimum requirement under the Regulations of the Institute for Economic Research at the Bulgarian Academy of Sciences is **350 points**, the candidate has presented evidence of **740 points**, thereby significantly surpassing the required threshold.

Particularly noteworthy is the fact that the greatest excess over the minimum requirements has been achieved in the category of citations, which clearly demonstrates the candidate's scientific visibility and recognition in both Bulgarian and international economic scholarship.

The scientometric indicators under Indicator "E" should likewise not be overlooked, where Professor Yotsov has achieved **255 points**, including through the implementation and leadership of large-scale scientific projects, the publication of textbooks, and the supervision of doctoral candidates.

6. Personal Contribution of the Candidate

The dissertation is the result of independent scholarly research.

Theoretical sources have been used and cited appropriately, and the selected methodological approaches have been applied rigorously and accurately.

My review of the dissertation and the submitted publications have revealed no evidence of plagiarism.

7. Critical Remarks and Recommendations

I would like to raise several points which are intended more as matters for further clarification than as critical objections:

- **The concept of social justice** occupies a central place in the dissertation. The understanding of what constitutes social justice is examined in both horizontal and vertical dimensions; however, the broader substantive content of this concept is not fully

clarified, particularly given that it possesses not only an economic, but also a wider social and philosophical meaning.

- **A similar issue arises with the definition of social inequality**, and with the role of factors and criteria beyond current income levels. The dissertation opens an important discussion regarding the criteria and indicators used to measure social inequality, as well as its causes and underlying sources, with a view to enhancing the effectiveness of social support mechanisms, including through the redistributive function of fiscal policy.
- **The conclusions of the study**, notwithstanding all the necessary caution in interpreting quantitative findings, appear somewhat optimistic. As the author himself notes, the issue lies not solely in the distinction between progressive and flat taxation, but also in the level of tax rates and in the broader constellation of determining factors.

It cannot be conclusively demonstrated that progressive taxation in and of itself improves social welfare. This appears even less probable in a country with a substantial shadow economy, where the extent to which declared incomes in the lower income groups reflect actual earnings remains uncertain, and where progressive income taxation is unlikely, by itself, to stimulate labour market participation among the 10 per cent of long-term unemployed and discouraged young people.

The expectation that the introduction of progressive income taxation would automatically improve tax collection also appears optimistic, given that collection rates under the same tax system may vary significantly across different governments.

The issues raised by the candidate in this dissertation deserve particularly careful consideration, especially by critics of progressive income taxation. The formulation of the problem itself, together with the mobilisation of the author's considerable scholarly capacity in researching and substantiating his thesis, deserves high commendation.

CONCLUSION

Within the framework of the present procedure, what is being assessed is unquestionably one of Bulgaria's leading scholars in the field of economic science. His academic work extends far beyond the dissertation submitted for evaluation and has exerted a significant influence on Bulgarian economic theory as well as on its application in the real economy.

The dissertation contains findings that constitute an original contribution to scholarship and fully satisfy all requirements set out in the Academic Staff Development in the Republic of Bulgaria Act, the Regulations for the Implementation of the Academic Staff Development in the Republic of Bulgaria Act, and the internal regulations of the Institute for Economic Research at the Bulgarian Academy of Sciences. The candidate's scholarly work demonstrates a strongly pronounced theoretical as well as applied character.

The candidate possesses outstanding professional qualifications and is an established and innovative scholar of high academic reputation. The dissertation demonstrates that Viktor

Yotsov possesses profound theoretical knowledge and advanced research competence in Professional Field 3.8. Economics, once again evidencing his high capacity for conducting independent scientific research and for applying research findings in practice.

In view of the foregoing, I confidently give my positive assessment of the conducted research, the submitted documentation, the achieved results, and the scientific contributions, and I respectfully propose that the Honourable Scientific Jury award Viktor Yotsov the scientific degree of Doctor of Sciences in Higher Education Area 3. Social, Economic and Legal Sciences; Professional Field 3.8. Economics.

24 April 2026

Reviewer:

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(Prof. Dr Daniela Bobeva)