Report on **Bachelor Thesis**

Institute of Economic Studies, Faculty of Social Sciences, Charles University

Student:	Stevan Šijan Stojić
Advisor:	Mgr. Evgeniya Dubinina
Title of the thesis:	Tax Evasion and its Implications on Country-level Tax Revenue Structure

OVERALL ASSESSMENT:

Short summary

The author studies the effects of tax evasion on governments' tax revenue structure (total tax revenue; tax revenue from income, profits and capital gains as a percentage of GDP; property tax revenue; indirect tax revenue) using Random Effects and Fixed Effects models and the data from 37 countries (EU-28, OECD countries, China, India, and Brazil) over the 2001 - 2016 period. The author shows a significant positive relationship between tax evasion and total tax revenue as well as with property tax revenue as a percentage of GDP. However, tax evasion has no effect on tax revenue from income, profits, and capital gains (as a percentage of GDP). The author explains these results through effective enforcement systems for collecting this type of tax revenue.

Contribution

The thesis contributes to the literature on tax evasion. The major part of the literature explores the role and effects of tax havens and profit shifting on inequality, but only a few studies have examined the effects on tax revenue structure. The author presents original ideas on the topic, demonstrating critical thinking and the ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis. Unfortunately, there is no analysis of the effects of tax evasion on tax revenue from individual taxes, but in the UNU-WIDER Government Revenue Dataset that the author uses, this data is available. This is a major drawback of the thesis.

Methods

The author uses Random Effects and Fixed Effects models and p-values of the Hausman test to underline the preferred model in each specification. The dependent variable in the estimated model is the tax revenue structure variable (total tax revenue; tax revenue from income, profits, and capital gains; property tax revenue; indirect tax revenue), and the independent variable is tax evasion from the paper by Vellutini et al. (2019). These methods are relevant to the research question.

Literature

The thesis demonstrates the author's full understanding and command of the major part of the recent literature on tax evasion. The author quotes relevant literature in a proper way.

Manuscript form

The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.

Overall evaluation and suggested questions for the discussion during the defense

The thesis is well-structed and the research question is important for the current literature. Unfortunately, there is the major drawback that could be easily addressed in the analysis of tax evasion on tax revenues from individual taxes. Nevertheless, I recommend the thesis for defense and suggest grade C for the thesis.
The Turnitin report shows 25% similarity result. However, scanning the Turnitin report underlines small matches (less than 8 words) with 149 resources with less than 1%. Thus, I could conclude that Turnitin report does not indicate significant text similarity with other available resources.

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The recommended questions for the defense:
1. What further steps in your research could be done?
2. What policies could reduce tax evasion in EU countries?

SUMMARY OF POINTS AWARDED *(for details, see below):*

CATEGORY		POINTS
Contribution	*(max. 30 points)*	15
Methods	*(max. 30 points)*	30
Literature	*(max. 20 points)*	20
Manuscript Form	*(max. 20 points)*	20
TOTAL POINTS	*(max. 100 points)*	**85**
GRADE	**(A – B – C – D – E – F)**	**B**

NAME OF THE REFEREE:

DATE OF EVALUATION:

Digitally signed by Evgeniya Dubinina.
Date: 1.9.2024 16:09

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Referee Signature