



In Nitra, August 31, 2015

### **A review of habilitation thesis**

Topic: **Harmonization of Personal Income Taxation across European Union Member States**

Author: **PhDr. Tomasz Wolowiec, PhD.**

Reviewer: **doc. Ing. Artan Qineti, PhD.**

The habilitation thesis deals with an important issue especially in the context of the latest developments within the European Union. The harmonization of personal income taxation is analyzed from different aspects and across European Union Member States. The topic is very interesting as it is analyzed at a time when all pillars of European Union are requiring a thorough review and reform, while the rules of common monetary policy of Eurozone, as well as the free movement Schengen system has been shaking from the fundamentals.

In the second chapter, the author presents a thorough literature review. The author divides it in 9 subchapters. It would have been useful if the author introduces us to articles regarding case studies related to existing harmonized taxation systems in the world, theories on taxation and economic growth and development, as well as the factors that favor or prevent the introduction of such systems.

In the third chapter the author explains the aim and the scope of the research, while in the fourth chapter the author presents us with methodology and methods. At this level we consider the implementation of quantitative approaches as insufficient, as the thesis has a rather descriptive and comparative character. Explanation of data analyzed in the thesis is missing.



In chapter five, the author presents the results of his own research. It is divided in 11 subchapters where the author analyzes between personal income taxation and level of fiscalism (?), the place of PIT systems of EU countries, relations between PIT and social security contributions, subject and scope of taxation, the level of tax burden, effectiveness and equity of proportional and progressive taxation of PIT, harmonization of direct taxes vs. tax competition, harmonization of PIT vs. labor market flexibility, harmonization of employment – related income taxation vs. the rulings of ECJ, ways of harmonization of PIT principles, perspectives for harmonization of direct taxes.

The habilitation thesis is bold in scope and range, unfortunately it misses the focus and specialization on crucial elements of analysis.

We identify certain shortcomings in the habilitation thesis:

a) the discussion is missing hypothesis and it is not supported by estimations or even previous studies from the field. The reader gets the impression is all author's reflections (which could be still fine) but untested by figures, estimations and theory.

b) formal aspects of tables could have been arranged in a better way, figures and graphs could have been a better option presenting the differences in tax system of EU member States.

c) on page 109, conclusions for Poland author claims that changes in tax systems especially to corporate income tax should be preceded by detailed analysis reflecting financial needs of the country and effects for tax payers. Readers could expect that these issues might have been raised by this thesis.

d) in its recommendations author claims that he proves that tax competition in the area of PIT does not contribute to the increased mobility of workers. However we don't see proofs in theory or



estimations to support this hypothesis (that has not been formulated even formally, either). It is similar with other recommendations and claims (PIT and capital mobility, etc.).

In conclusion we would like to ask the author the following questions::

1. What are the obstacles that prevent tax harmonization in EU? What is the attitude of Polish economic environment to this aspect?
2. On page 109 author claims that harmonization of indirect taxes is unavoidable. Why that is the case? How should this work given the (miss)-functioning of the European monetary union in the Eurozone?
3. Given the disparities in the level of GDP per capita, GDP growth and fiscal deficits where do you see the potential for economic convergence and as a consequence for tax harmonization? Can you demonstrate even in the case of only two neighbor EU countries like Germany and Poland?

In conclusion we *recommend* the habilitation thesis for defense at the scientific board and upon successful defense we *recommend* the author to be awarded with the title – **d o c e n t** –

**doc. Ing. Artan Qineti, PhD.**