REVIEW

of the official reviewer for dissertation work

Dyussembina Saule Khabdrakhmanovna on the theme "Analysis of The Relation Between the Book-Tax Differences and Firm Performance Indicators: Conceptual Foundations and Implementation Prospects" presented for the degree of Doctor of Philosophy (PhD) in the specialty «6D050800 – Accounting and Audit».

№	Criteria	Eligibility (one of the options must be checked)	Justification of the position of the official reviewer
1.	The topic of the thesis (as of the date of its approval) corresponds to the directions of development of science and/or state programs	1.1 Compliance with priority areas of science development or government programs: 1) The thesis was completed within the framework of a project or target program financed from the state budget (indicate the name and number of the project or program) 2) The thesis was completed within the framework of another state program (indicate the name of the program) **3) The dissertation corresponds to the priority direction of the development of science, approved by the Higher Scientific and Technical Commission under the Government of the Republic of Kazakhstan (indicate the direction)**	The dissertation complies with the priority direction of scientific development in the Republic of Kazakhstan determined by the Higher Scientific and Technical Commission under the Government of the Republic of Kazakhstan: 'Social and Humanitarian Sciences' direction. The dissertation topic corresponds to a number of state programs. including: - The Concept for the Development of Higher Education and Science for 2023-2029; - The National Development Plan of the Republic of Kazakhstan until 2029; - The Law on Accounting and Financial Reporting of the Republic of Kazakhstan; - The Comprehensive Action Plan for Combating the Shadow Economy for 2023–2025 by the Agency of the Republic of Kazakhstan for Financial Monitoring.
2.	Importance for science	The work **makes**/does not make a significant contribution to science, and its importance is well disclosed/not disclosed	The study contributes to the area of accounting and its connection to taxation, especially in the context of the pervasiveness of tax avoidance in the economy of Kazakhstan. The importance of the study results is well articulated in the dissertation. The theoretical contribution of this

			study lies in its enhancement of positive accounting theory. It broadens the understanding of book-tax differences as an indicator of earnings quality within the framework of information asymmetry theory, agency theory, and stakeholder theory. The study extends the application of accounting data in financial analysis, emphasizing the significance of tax expense information. Furthermore, the study examines the relationship between firm-level tax planning and financial reporting quality. It contributes to the understanding of how accounting data can be utilized in assessing firms' market value, particularly in the context of emerging markets. Additionally, it is the first study to provide evidence of the moderating effect of dividend payouts on the relationship between book-tax differences and firm value.
3.	The principle of independence	Self-reliance level: **1) High;** 2) Medium; 3) Low; 4) No independence	The doctorate student's adherence to the principle of independence is demonstrated through the work carried out by her in terms of data collection, development of testable hypothesis and developing conclusions and recommendations.
4.	The principle of inner unity	4.1 Justification of the relevance of the thesis: **1) Justified;** 2) Partially justified; 3) Not justified.	The study in the dissertation is highly relevant to the developing economies and addresses important issues for Kazakhstan. It explores the connection between book-tax differences and firm performance, which is especially important in the context of the budget deficit currently faced by the government of Kazakhstan. The topic addresses a gap in accounting academic literature, namely the relation between the tax avoidance practices of firms in developing markets and firm performance

			indicators. Overall, the topic is relevant to the development of accounting theory as it addresses this identified gap in accounting literature.
		4.2 The content of the thesis reflects the topic of the thesis: **1) Reflects;** 2) Partially reflects; 3) Does not reflect	The content of the thesis accurately reflects the topic. It contains an analysis of the relevant theoretical foundations, develops testable hypotheses based on established theories, conducts statistical analyses of panel data on book-tax differences and performance indicators, and formulates conclusions and recommendations based on the analysis conducted. The author uses both book and market value indicators and employs data from two countries, thereby ensuring a comprehensive examination of the relationship between book-tax differences and firm performance indicators.
		4.3. The purpose and objectives correspond to the topic of the thesis: **1) correspond;** 2) partially correspond; 3) do not correspond	The dissertation examines the relationship between book-tax differences and firm performance indicators in Kazakhstan and Russia and explores the factors influencing this relationship. The tasks, as stated in the thesis, are relevant to the stated objectives and have been properly identified.
		4.4 All sections and provisions of the thesis are logically interconnected: **1) completely interconnected;** 2) the interconnection is partial; 3) there is no interconnection	All sections of the dissertation are logically well-connected. The first section of the thesis starts with an overview of the existing literature and introduces the main theoretical concepts, such as book-tax differences, tax avoidance, earnings management, firm performance. Testable hypotheses are developed based on established theories, namely information asymmetry, agency theory, stakeholder theory. Methodology is proposed to test the hypotheses, based on a review

			of methodology in published studies. The second section describes the data collection process and presents the results of the data analysis. Although the dissertation includes two empirical studies, the flow of the analysis is justified and presented in a logical sequence. The third section presents a discussion of the obtained results and concludes with the development of recommendations, which are based on the conducted analysis. Overall, the logical sequence of the sections of the dissertation reinforce the systematic approach of the research.
		4.5 The new solutions (principles, methods) proposed by the author are reasoned and evaluated in comparison with the known solutions: **1) there is a critical analysis;** 2) partial analysis; 3) the analysis does not represent one's own opinions, but quotes from other authors	The study offers an innovative approach for extracting the components of book-tax differences related to manipulative accounting practices and integrating them in valuation of company assets. This approach allows for a better understanding of the factors that explain the relationship between book-tax differences and firm performance indicators through the lens of agency problems. The approach is developed based on a critical analysis of existing studies and the methods employed in these studies.
5.	Scientific novelty principle	5.1 Are the scientific results and provisions new? 1) completely new; **2) partially new (25-75% are new);** 3) not new (less than 25% are new)	Result 1. The study identifies the key conceptual and theoretical foundations defining the relationship between book-tax differences and firm performance. The study grounds on agency theory of tax avoidance following the studies of Desai & Dharmapala, who studied tax avoidance in the context of developed markets. Relatively few studies apply this framework to tax avoidance in developing countries with a high level of government participation in the economy. Result 2. The relation between BT differences and

			firm performance indicators is analyzed in the context of public firms in Kazakhstan. This is the first study of this kind in Kazakhstan. The study builds on prior research linking book-tax differences to earnings management, firm performance indicators, and research examining earnings management and firm performance. Result 3. A model is developed to describe a relationship between the components of book-tax differences and financial indicators of firm value, incorporating the decomposition of book-tax differences into components related and unrelated to earnings management in the context of public firms in Kazakhstan. To the best of my knowledge, no prior studies have applied this approach in Kazakhstan. Nevertheless, the approach has been used to study the relationship between tax avoidance and certain performance indicators Result 4. The relationship between book-tax differences and firm market value is analyzed in the context of public firms in the Russian Federation. This study builds on prior studies by Goncharov and Zimmerman of accounting practices in Russia. Also, Tang included Russia in her study that covers over 40 countries. However, these studies examined the relationship between book-tax differences and firm market value in the pre-IFRS period. The study of Tang did not reveal significant relationships. The study in the present dissertation covers the post-IFRS period and finds statistically significant negative relationships. Result 5. The study reveals the moderating impact

			of dividend policy on the relationship between book-tax differences and firm market value. No prior studies have indicated the moderating role of dividend payout in this relationship. The dissertation refers to the work of Herron & Nahata (2020), who report on the importance of dividend-paying status in determining the relationship between book-tax differences and firm value. The present dissertation finds that the size of dividend payments, rather than merely the dividend-paying status, is important. Result 6. The study examines the role of financial reporting prepared in accordance with the International Financial Reporting Standards (IFRS) in analyzing the relationship between book-tax differences and firm market value. The role of IFRS adoption has been extensively studied in different countries, including Russia. However, no studies explore the impact of IFRS adoption on the relationship between book-tax differences and firm value in either Russia or Kazakhstan.
		5.2 Are the dissertation findings new? 1) completely new; **2) partially new (25-75% are new);** 3) not new (less than 25% are new)	Although tax avoidance is an important issue, no prior studies have addressed the question of the relationship between book-tax differences and firm performance indicators in the studied contexts. The novelty of the findings lies both in explored relations and in the research contexts.
		5.3 Technical, technological, economic or management decisions are new and reasonable: 1) completely new; **2) partially new (25-75% are new);** 3) not new (less than 25% are new)	The dissertation offers a novel approach to utilizing the information contained in book-tax differences for the valuation of firms' assets, such as goodwill and other intangible assets. This approach is important because it incorporates the

			risks related both to tax management and earnings management into the valuation of assets. The evaluation of firm performance in the context of tax optimization opportunities is especially important for the tax policymakers, particularly in light of the state budget deficit observed in Kazakhstan over the past several years. It is crucial to assess whether tax allowances result in improved performance to inform decisions on the effectiveness of the state policies.
6.	The validity of the main findings	All main **conclusions are**/are not based on scientifically significant evidence or well-grounded (for qualitative research and areas of training in the arts and humanities)	The conclusions are derived from scientifically significant evidence obtained using established analytical methods. The data is extracted from a reliable financial database (LSEG Workspace). The studies employ descriptive statistical analyses, correlation matrix analyses, OLS regression. The results are tested for robustness using the 2SLS regression method and the system generalized method of moments.
7.	The main provisions for the defense	It is necessary to answer the following questions for each provision separately: 7.1 Is the provision proven? 1) proven; 2) rather proven; 3) rather not proven; 4) not proven 7.2 Is it trivial? 1) yes; 2) no 7.3 Is it new? 1) yes; 2) no	1. Information asymmetry and agency problems impact the interests of multiple stakeholders and form the relation between book-tax differences and firm performance 7.1 Is the provision proven? **1) proven;** 2) rather proven; 3) rather not proven; 4) not proven 7.2 Is it trivial? 1) yes; **2) no** 7.3 Is it new? **1) yes;**

		7.4 Application level: 1) narrow; 2) medium; 3) wide 7.5 Is it proven in the article? 1) yes; 2) no	2) no 7.4 Application level: 1) narrow; 2) medium; **3) wide** 7.5 Is it proven in the article? **1) yes;** 2) no Dyussembina, S., & Park, K. (2024). Book-tax differences, dividend payout, and firm value. *International Review of Financial Analysis*, *91*, 103037. Dyussembina, S., Park, K., & Choi, Y. M. (2024). Income smoothing and firm value: the moderating role of foreign ownership. *Asia-Pacific Journal of Accounting & Economics*, *31*(2), 153-175. 2. Firms with larger book-tax differences tend to exhibit poorer performance 7.1 Is the provision proven? **1) proven;** 2) rather proven; 3) rather not proven; 4) not proven 7.2 Is it trivial? 1) yes; **2) no** 7.3 Is it new? **1) yes;** 2) no 7.4 Application level: 1) narrow; 2) medium;

			3) wide 7.5 Is it proven in the article? **1) yes;** 2) no Dyussembina S., Nurmakhanova, M. (2024) Tax avoidance, earnings management, and firm performance: the case of Kazakhstan. 21st KIMEP International Research Conference proceedings, 2024 3. Inferior firm performance of firms with large book-tax differences is attributed to aggravation of information asymmetry problem, as BT differences are associated with earnings management practices 7.1 Is the provision proven? **1) proven;** 2) rather proven; 3) rather not proven; 4) not proven 7.2 Is it trivial? 1) yes; **2) no** 7.3 Is it new? **1) yes;** 2) no 7.4 Application level: 1) narrow; 2) medium; **3) wide** 7.5 Is it proven in the article? **1) yes;** 2) no

			Dyussembina, S., & Park, K. (2024). Book-tax differences, dividend payout, and firm value. *International Review of Financial Analysis, 91*, 103037. Dyussembina S., Nurmakhanova, M. (2024) Tax avoidance, earnings management, and firm performance: the case of Kazakhstan. 21st KIMEP International Research Conference proceedings, 2024 4. Investors consider firms with large book-tax differences as high risk and incorporate this risk into share prices 7.1 Is the provision proven? **1) proven;** 2) rather proven; 3) rather not proven; 4) not proven 7.2 Is it trivial? 1) yes; **2) no** 7.3 Is it new? **1) yes;** 2) no 7.4 Application level: 1) narrow; 2) medium; **3) wide** 7.5 Is it proven in the article? **1) yes;** 2) no Dyussembina, S., & Park, K. (2024). Book-tax differences, dividend payout, and firm

			value. *International Review of Financial Analysis*, *91*, 103037. 5. Higher dividend payouts mitigate the negative relation between book-tax differences and firms` market value. 7.1 Is the provision proven? **1) proven;** 2) rather proven; 3) rather not proven; 4) not proven 7.2 Is it trivial? 1) yes; **2) no** 7.3 Is it new? **1) yes;** 2) no 7.4 Application level: 1) narrow; 2) medium; **3) wide** 7.5 Is it proven in the article? **1) yes;** 2) no Dyussembina, S., & Park, K. (2024). Book-tax differences, dividend payout, and firm value. *International Review of Financial Analysis*, *91*, 103037. 6. Financial reporting prepared in under International Financial Reporting Standards (IFRS) improves he financial information transfer and affects the relation between book-tax

			differences and firm value 7.1 Is the provision proven? **1) proven;** 2) rather proven; 3) rather not proven; 4) not proven 7.2 Is it trivial? 1) yes; **2) no** 7.3 Is it new? **1) yes;** 2) no 7.4 Application level: 1) narrow; 2) medium; **3) wide** 7.5 Is it proven in the article? **1) yes;** 2) no Dyussembina, S., & Park, K. (2024). Book-tax differences, dividend payout, and firm value. *International Review of Financial Analysis*, *91*, 103037.
8.	The principle of reliability Reliability of sources and information provided	8.1 Choice of methodology - is justified or the methodology is described in sufficient detail **1) yes;** 2) no	The choice of methodology is carefully justified based on both theoretical foundations and practical applicability to the research questions. The selected methodology directly addresses the research hypotheses. The methodology is based on widely accepted approaches in empirical accounting research. The models employed, including those used to measure discretionary accruals and book-tax differences, are well-

			documented in prior literature, ensuring reliability and comparability with existing studies. A step-by-step explanation of data collection and sample selection is clear and precise. Justifications for time periods are given. A comprehensive definition of the key and control variables is included. A detailed specification of regression models and expected results is available. The regression models include fixed effects and firm-level clustering of error terms, which mitigates a problem of unobserved heterogeneity and autocorrelation within firms. Alternative model specifications, including alternative definition of variables (e.g., Kotari model for discretionary accruals) and additional tests are employed for robustness checks. The dissertation ensures that the methodology is transparent, rigorous, and replicable.
		8.2 The results of the thesis were obtained using modern methods of scientific research and methods of processing and interpreting data using computer technologies: 1) yes; 2) no	The results of the thesis were obtained using contemporary empirical research methods and advanced econometric techniques to ensure accuracy, robustness, and replicability of findings. The statistical analysis was conducted using Stata 17.0, which is a widely recognized software for econometric and statistical analysis. Stata 17.0 provides robust panel data regression tools, allowing the study to incorporate the most recent econometric techniques.
		8.3 Theoretical conclusions, models, identified relationships and patterns have been proven and confirmed by experimental research (for areas of training in pedagogical sciences, the results have been proven on the basis of a pedagogical	Theoretical conclusions, models, and identified relationships and patterns have been validated and confirmed through observational empirical research, which is well-justified in economic and accounting studies. Empirical research analyzes

		experiment): 1) yes; **2) no**	real-world data without direct intervention. This study uses firm-level financial data from public companies to examine the hypotheses. Experimental research, on the other hand, involves controlled experiments in which variables are manipulated by an experimenter. Experimental research is a widely used methodology in economics and accounting studies, particularly in those related to behavioral economics and market experiments. However, it is not the only method used in modern academic research in accounting. In financial and accounting research, where real-world data is more relevant, empirical research is often preferred due to impracticality of controlled experimentation.
		8.4 Important statements **are confirmed** / partially confirmed / not confirmed by references to current and reliable scientific literature	The thesis development is built on a rigorous literature review. References to current and reliable scientific literature are properly made with the list of references consisting of 294 sources. The references include both classical and the most recent works from the past five years (2019-2024).
		8.5 Used literature sources **are sufficient**/not sufficient for a literature review	The literature sources are relevant and sufficient, providing a well-founded theoretical and empirical basis for the study. The dissertation includes key academic works on book-tax differences, tax avoidance, earnings management, and firm performance from peer-reviewed journal articles, establishing a strong theoretical framework. It references both seminal studies and recent research in financial accounting, demonstrating engagement with the most relevant scholarly debates.
9	Practical value principle	9.1 The thesis has theoretical value:	The dissertation expands theoretical and

		1) yes; 2) no	methodological approaches to the analysis of accounting indicators and their relationship to firm performance indicators. The dissertation deepens the understanding of book-tax differences as an indicator of earnings management and tax planning. It builds on and extends existing theoretical models by examining whether the size of book-tax differences can serve as a predictor of firm financial performance and market valuation. The context of the study ensures the a significant contribution to the literature on emerging economies. Finally, the research provides a multidisciplinary perspective by connecting accounting theories on earnings management and tax avoidance with agency theory and finance theories on firm valuation and dividend policy.
		9.2 The thesis is of practical importance and there is a high probability of applying the results obtained in practice: **1) yes;** 2) no	The thesis is of practical importance and the findings have direct practical applications in accounting and auditing, particularly in financial reporting quality, risk assessment, and compliance with IFRS. Accountants can use the findings to improve financial transparency by identifying and mitigating aggressive tax and accounting strategies that distort financial information. The methodology proposed for incorporating book-tax differences into fair value determination offers a practical tool for valuation adjustments, helping firms to enhance compliance with IFRS fair value requirements.
		9.3 Are the practice suggestions new? **1) completely new;** 2) partially new (25-75% are new); 3) not new (less than 25% are new)	The practical suggestions in the thesis provide new and valuable insights, particularly in applying book-tax differences to fair value determination. The thesis develops a methodology for adjusting

			forecasted cash flows in fair value valuation by incorporating book-tax differences attributable to earnings management. The methodology is particularly relevant for emerging markets. contributing a novel approach to accounting and valuation practices. The research offers a systematic approach for auditors and regulators to use book-tax differences as an indicator of earnings management and tax avoidance.
10.	The quality of writing and design	Academic writing quality: **1) high;** 2) average; 3) below average; 4) low.	The thesis is written in a clear and academic style. It presents complex economic and financial concepts in a clear and precise manner. Definitions of key terms are well-established and ensure conceptual clarity throughout the text. The dissertation follows a logical progression and is well-structured. The structure and formatting comply with the requirements for a PhD thesis.
11.	Notes on a thesis		The dissertation is a complete scientific study, prepared in accordance with the principles and requirements for PhD theses, as defined by the Rules for Awarding Degrees issued by the Ministry of Education of the Republic of Kazakhstan.
12.	Scientific level of the doctoral student's articles on the topic of research (in case of defense of the dissertation in the form of a series of articles, the official reviewers comment on the scientific level of each article of the doctoral student on the topic of research)		The scientific level of the doctoral student's articles on the topic of research is of high academic standard. Two articles have been published in peer-reviewed, WoS and Scopus-indexed academic journals: - International Review of Financial Analysis (Q1) -WOS SSCI 97.4% percentage rank, 5-year impact factor 7.7; Scopus 93% percentile rank and CiteScore 10.3; - Asia-Pacific Journal of Accounting and

			Economics (Q3) - WOS SSCI percentage rank 48.4% and 5-year impact factor 1.5; Scopus 49% percentile rank and CiteScore 2.4. The scientific standard of each article aligns with the requirements for the defense of doctoral dissertations.
13.	Decision of the official reviewer (pursuant to paragraph 28 of the present Model Regulations)		to award the degree of Doctor of Philosophy (PhD) or Doctor of Specialization

Dyussembina Saule Khabdrakhmanovna deserves to be awarded the degree of Doctor of Philosophy (PhD) in the specialty **«6D050800 – Accounting and Audit».**

Official Reviewer:

Kogut Oksana Yurievna,
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(signature)

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ПОДПИСЬ ЗАВЕРЯЮ