

Abstract This thesis focuses on the revenue effects of the value added tax (VAT) harmonisation in the European context. We elaborate on the topic by means of a 30-year panel regression analysis of 15 European countries, which derives the impact of national VAT rate convergence towards the regional average. The regression results confirm that the harmonisation can raise efficiency of national VAT instruments, as the revenue increases with narrowing of the VAT rate differences. The results of the regression analysis are further used to estimate potential revenue gain from the VAT harmonisation in the year 2009. The computed revenue gain represents approximately 5% of the European VAT revenue. Apart from the revenue gain identification, we also analyse the current deficiencies of European VAT scheme, i.e., Cross-border shopping and Carousel frauds, and discuss potential solutions for both phenomena. In both cases, the VAT rate harmonisation is confirmed helpful, having potential to eradicate these inherent efficiency threats, or at least to facilitate the reforms necessary for their abolition.