

## **Abstract**

This master's thesis conducts the legal analysis of the concept of a permanent establishment and its individual characteristics.

The first chapter of this master's thesis provides a brief introduction to the issue of international taxation and introduces the basic ideas behind the concept of a permanent establishment. The theoretical introduction is followed by a historical excursion into the development of this concept from its beginnings to its current modern form in the twenty-first century.

The second chapter deals with the very essence and construction of the concept of a permanent establishment which is enshrined in bilateral tax agreements and the OECD and the UN Model Tax Conventions. Hence, the introduction of this chapter focuses on explanation of the essence and binding nature of these international sources of law. Subsequently, a detailed analysis of the concept of a permanent establishment and its components is conducted. At the end of this chapter a comparative analysis of the definitions of a permanent establishment in the OECD and the UN Model Tax Conventions is conducted.

The third chapter briefly describes the relationship between various definitions of a permanent establishment which may be found in international and national legal instruments. The following sections of this chapter are devoted to the concept of a permanent establishment in the Czech national regulation and an analysis of the specifics and differences of the national definition of a permanent establishment compared to its wording in the OECD Model Tax Convention is conducted. At the end of this chapter, the concept of a permanent establishment is compared with the concept of a fixed establishment within the meaning of Act No. 235/2004 Coll., on Value Added Tax.

The last chapter of this master's thesis focuses on problematic aspects of permanent establishments at present when information and communication technologies have changed the functioning of the whole society in the last ten years. Opinions of judges, legal experts and academics of different states are demonstrated, according to which the requirement of physical presence of tax non-residents in the source state is irrelevant nowadays. Accordingly, suggestions of legal experts on how the concept of a permanent establishment should be changed are presented herein.

**Key words:** permanent establishment, international taxation, income tax, digital age