

Abstract

This thesis deals with the issue of Laffer curve. According to the idea of the Laffer curve when the tax rate exceeds certain threshold (revenue-maximizing tax rate) the tax revenue would in absolute terms decrease with rising tax rate. Therefore this thesis tries to discover whether those facts are valid in the corporate income taxation for 20 OECD countries for the time period from 1965 to 2006.

The structure of the thesis could be divided into three parts. In first introductory chapters the issue of taxation would be discussed in general. It will briefly examine the history of taxation and explore the theory of taxation and tax systems. The second part of this thesis will focus on the Laffer curve in detail. Third chapter will introduce the theory behind Laffer curve and discuss its properties for different types of taxation. In the following chapter the literature and different possibilities of estimation of the Laffer curve and (or) Laffer effects would be reviewed. Fifth chapter focuses on the corporate income taxation *per se* and examines the development of corporate income tax revenue and rates in our sample countries.

In the last part of this thesis the econometric estimates of the Laffer curve for corporate income taxation are presented. The Laffer curve would be estimated for three selected countries and then for the whole sample of 20 OECD countries on the panel data. Last section then states conclusions of this thesis, mainly that the Laffer effects for corporate income taxation were confirmed and thus the traditional shape of the Laffer curve was validated.

JEL Classification: H25, H87

Keywords: Laffer curve, Laffer effects, corporate income taxation, corporate income tax revenue