

Summary

Establishment as an allocation key for proper taxation

The work is concerned with the questions of an establishment as an allocation key for proper taxation. The main objective of the work is to get the brief and clear overview of the position of an establishment especially from the income tax point of view.

Nowadays – in the world full of international transactions without borders – it is for particular states more and more important to identify where certain transactions have their source and where they should be taxed. The choice of the proper allocation key for the taxation is very complicated since it meets many legal branches. For setting up the uniformed proceeding regarding international taxation the institution of an establishment was invented.

The institution of an establishment is related to both tax law and business law. The concept of an establishment can be found in the Commercial Code or in the Trades Licensing Act. Moreover the tax law contains its own specifications of an establishment. Namely it is the permanent establishment for the purposes of the Income Taxes Act and the fixed establishment for the purposes of the VAT Act.

For proper examination of the occurrence of establishment definitions we often have to explore the international legislation too – e.g. the Double tax treaties, Directives, international legislation etc.

In the first section of the work there are stated general comments on an establishment from the views of many branches of Czech law. There are described establishments from the view of commercial and tax (in particular VAT) law.

The second part is devoted to particular Czech regulations of a permanent establishment for income tax purposes. There is extensive description of various kinds of permanent establishments according to the Czech tax law. In the second part, there are also mentioned very complex impacts of existence of a permanent establishment to duties of related subjects.

The third part deal with the treatment of a permanent establishment according to the OECD Model Tax Convention and it is aimed to give an overview of the treatment of an establishment from the international point of view.