

Deduction of VAT from the perspective of Czech and EU law

The purpose of this thesis is to analyze the relation between Czech and EU law with respect to the juridical institute of deduction of VAT, comparing these legal systems in the light of both EU and Czech case law. The thesis is composed of four chapters starting generally and continuing to more specific matters.

Chapter One is divided into two parts, first characterizing VAT and its position in a tax system and second exploring reasons of VAT implementation.

Chapter Two focuses on the process of tax harmonization as general phenomenon describing its stages and legal basis in the EU in order to explain process of VAT harmonization within the EU in its second part. Third part deals with the relation between Czech and EU law and analyses problem of euro conformity assessment of Czech law by the administrative organs with respect to the relevant case law.

Chapter Three describes structure of VAT divided into 5 parts accordingly to its components. Taxable transactions, taxable persons, taxable amount, rates and temporal aspects are analyzed in order to better understand the mechanism of deduction of VAT and the role of EU case law in the system of EU tax law.

Chapter Four deals with deduction of VAT and is divided into four parts. First part analyses the juridical institute as such and the occurrence of the right to deduct. Furthermore problem of abuse of law with respect to carousel frauds is analyzed. Second part examines problem of proving of the right to deduct. Specific situations which may occur in the process are described in the third part. Finally fourth part is concerned with the mechanism of return of excessive deduction of VAT and focuses on situation when the tax authority has doubts about its amount where certain disconformities may be found.

Conclusion regards level of conformity among Czech and EU VAT legislation as positive and suggests direction of new legislation determining balance between taxable persons' and tax authorities' position and establishing rules for euro conformity assessment by administrative organs.