

Abstract

This diploma thesis focuses on value added tax which is an important part of the tax systems of many countries around the world. In the countries of European Union is this tax compulsory. The main target of this work is to describe the origin of value added tax, the principle of its functioning and its legislation not only in the Czech Republic but also in the European Union. Furthermore, this thesis focuses on the harmonization of value added tax in the European Union, its development and differences in the use of value added tax between the Member States. Finally, this work deals with tax fraud, which threaten the value added tax in particular so-called Carousel Fraud. It describes the factors that enable the creation of tax fraud and tries to answer the question whether the reverse charge mechanism could eliminate the tax fraud. It also makes efforts to find appropriate solutions to the problem of tax fraud.