

This thesis is focused on the fight against indirect tax evasion. This topic was selected because it is a current issue. This is evidenced by media coverage regarding revealed tax evasion schemes; total estimated volume of tax evaded and increased activity of legislators in this field.

The thesis is divided into three parts. In the first part, I start with a general description of indirect taxes. I subsequently proceed with a description of individual indirect taxes in the Czech Republic – value added tax, excise tax, and energy tax – and a brief summary of their evolution, main principles of functioning and their sources of law, both Czech and European.

In the second part, I tackle the problem of tax optimization, in particular the difference between legal and illegal methods of lowering one's tax. For this purpose, I go into more detail in explaining differences between tax planning, tax avoidance and tax evasion. I also draw attention to problems related to distinguishing these categories and to how these are interpreted differently by tax authorities in Anglo-Saxon and Continental areas.

After establishing the theoretical background, I proceed by describing particular methods of evading tax, focusing mainly at illegal imports and carousel fraud, which, according to the Ministry of Finance, deprives the Czech Republic of CZK 15 billion each year. It is not, however, only a Czech problem, as demonstrated by reference to a European Court of Justice decision in *Bond House Systems Ltd.* What is typical for the Czech Republic is the commodity used for carousel trades – propellant. It is the amount of tax evaded in dealing with propellants, estimated between CZK 5 to 8 billion a year, that leads legislators to changes in this area.

Tax legislation amendments are discussed in the third part. I first describe recent changes to the Act on Value Added Tax designed to reduce the amount of tax evaded. These are, in particular, extension to reverse charge and guarantee for unpaid tax. Because of the connection to propellants, I proceed with describing proposed changes to the Act on Propellants and Gas Stations.

The thesis is concluded with a summary where I endorse ideas of a more harmonized indirect taxation, including tax rates, and a deeper international cooperation of tax

authorities. In contrast, I strongly disagree with changes proposed to Act on Propellants, in particular with the CZK 20 million surety on distributors of propellants.

In writing the thesis, my sources were mainly expert literature, explanatory memoranda for mentioned legislation changes, information available on internet, and other student theses. The thesis is mainly descriptive in nature, yet I use analytical methods and synthesis when reviewing mentioned amendments.