

ABSTRACT

Tax systems of the states in the European Union and double taxation avoidance agreements

The purpose of this Master thesis on the theme “Tax systems of the states in the European Union and double taxation avoidance agreements” is to provide a complete description and an analysis of the actual situation of tax harmonization in the European Union and of the progress made in this field.

Simultaneously the Master thesis presents the reasons for concluding the double taxation avoidance agreements while comparing and analysing in particular the double taxation avoidance agreement concluded between the Czech Republic, Great Britain and Germany. It focuses mainly on the tax systems of the above mentioned countries, compares them between each other, and highlights their basic differences and particularities of each of them.

This Master thesis is divided into four chapters. The two first chapters are focusing on the theoretical aspects of the tax harmonization and double taxation avoidance agreement. These chapters are characterizing the tax harmonization, describing the reasons why to achieve the tax harmonization and are explaining the reasons why, within the actual state of the tax harmonization in the EU, the double taxation avoidance agreements should be concluded. Furthermore, it is dealing with the process of negotiating international agreements of this type on the global level as well as during the Czech Republic’s history and it is describing the basic model types of these agreements.

In the two next chapters the more practical approach is used while comparing the two double taxation avoidance agreements – the one concluded between the Czech Republic and Great Britain and the one concluded between the Czech Republic and Germany. The differences between the two agreements are analysed and probable reasons to their existence are given. Furthermore, the taxation conditions to tax the incomes dealt with in the above mentioned agreements are analysed in details.

The fourth chapter of the thesis is providing the reader with the insight to income tax systems in Great Britain and Germany when basically characterising both tax systems of these two model states. Special focus is given to the tax rate and the calculation of final tax liability.