

Resumé

The diploma thesis is entitled The Comparison of taxation of income of individuals – employees and entrepreneurs. Basically it is divided into three main parts. The main goal of the diploma thesis is to find out whether there is a difference between the taxation of employees` income and entrepreneurs` income. If the difference exists then find out why and whether it should be eliminated. The thesis distinguishes two main comparisons - one that is focused on the employees or entrepreneurs as a group and other which concentrates on taxation of concrete individuals of each group. In the end some proposals of changes are given.

The thesis is structured into three parts. The first one is trying to define essential terms of the thesis such as – a tax, an employee or an entrepreneur. As for the tax the thesis marks the social security and health insurance contributions as a part of taxation too because they are very similar to traditional meaning of a tax. When there is spoken of an employee the thesis is trying to suggest the difference between its meaning in labor law and financial law.

The next chapter describes a tax base and how it is created for an employee or entrepreneur. The standard procedure is mentioned but mainly it is focused on the essential differences between the taxpayers when the tax base is formed. These are those differences that are supposed to be the source of disparity between employees and entrepreneurs.

The third part is the comparison itself. Firstly it describes the historical evolution of Czech Republic when it includes taxes. Mostly the economical development and the changes of the tax legislation are introduced. In this context the comparison of an effective taxation of individual employee or entrepreneur is being made. As a consequence of the comparison simplified expenses for entrepreneurs are found as the basic reason of the difference especially between the budgetary revenues of these two groups of taxpayers. Nevertheless it is also a cost of labor that discourages the employers from hiring employees. This leads to creating hybrid relations that may replace the employment to save the money of employers.

It would take to eliminate the simplified expenses to make at least necessary changes however a whole new legislation on taxation of income should be drafted to replace the

old and many times revised legislation.