

International and local aspects of double taxation

Abstract

The purpose of my thesis is to analyze international double taxation taking into account both local legislation and international aspects. Double taxation is the situation, where the same income (or capital) is subject to the same tax more than once. Mostly, the international double taxation appears when the state of the source of income implies taxes on the income of the non-residents and the state of residence of the income receiver subject the same income to taxation based on the residency of the taxpayer. Since this is inequitable, many nations make bilateral double taxation agreements with each other. In some cases, the tax is paid in the country of residence and is at the same time exempt in the country in which it arises directly based on the provisions of double taxation agreement. In the remaining cases, the country where the gain arises implies taxation at source and the taxpayer receives a compensating foreign tax credit/foreign taxation exemption in the country of residence to reflect the fact that tax has already been paid.

The thesis is divided into seventeen chapters that could be divided into five main parts. The first part is aimed at the description of basic terms used in international taxation and basic principles of the system of international taxation.

The second part describes international double taxation from the perspective of OECD Model Convention.

The third part of the thesis is aimed at detailed analysis of the taxation of income from corporate rights. Separate chapters deal with different income that arises not only during the distribution of earnings, but also in other events such as the disposal of shares or liquidation of the company.

Fourth part of the thesis deals with the phenomenon of the international double taxation. There are different methods used for the avoidance of double taxation. Each of them is described in separate chapter. One chapter deals with the comparative analysis of these methods.

In the fifth part of thesis I was trying to find advantageous location for the placement of investment from the tax perspective, especially with regards to the distribution of income from corporate rights.