

International Taxation

Perspective of the Czech Tax Administration

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CZ – the member of OECD

OECD standards:

- 75 tax bilateral treaties
 - Under OECD Model
 - With important trade partners
- New wording of OECD Model
 - Permanent establishment – Art. 5 and 7
 - Arbitration clause – Art 25 (NL)
 - Bank secrecy – Art. 26
- Fight against harmful tax practice
 - Tax havens
 - Tax Information Exchange Agreements (TIEA)

CZ – the member of EU

- EU Directives implemented
 - Income tax – e.g. Merger Directive, Parent-subs. Directive, etc.
- Int. Cooperation:
 - Mutual Assistance Directive
 - Savings Directive
 - VAT Regulation
 - Recovery Directive

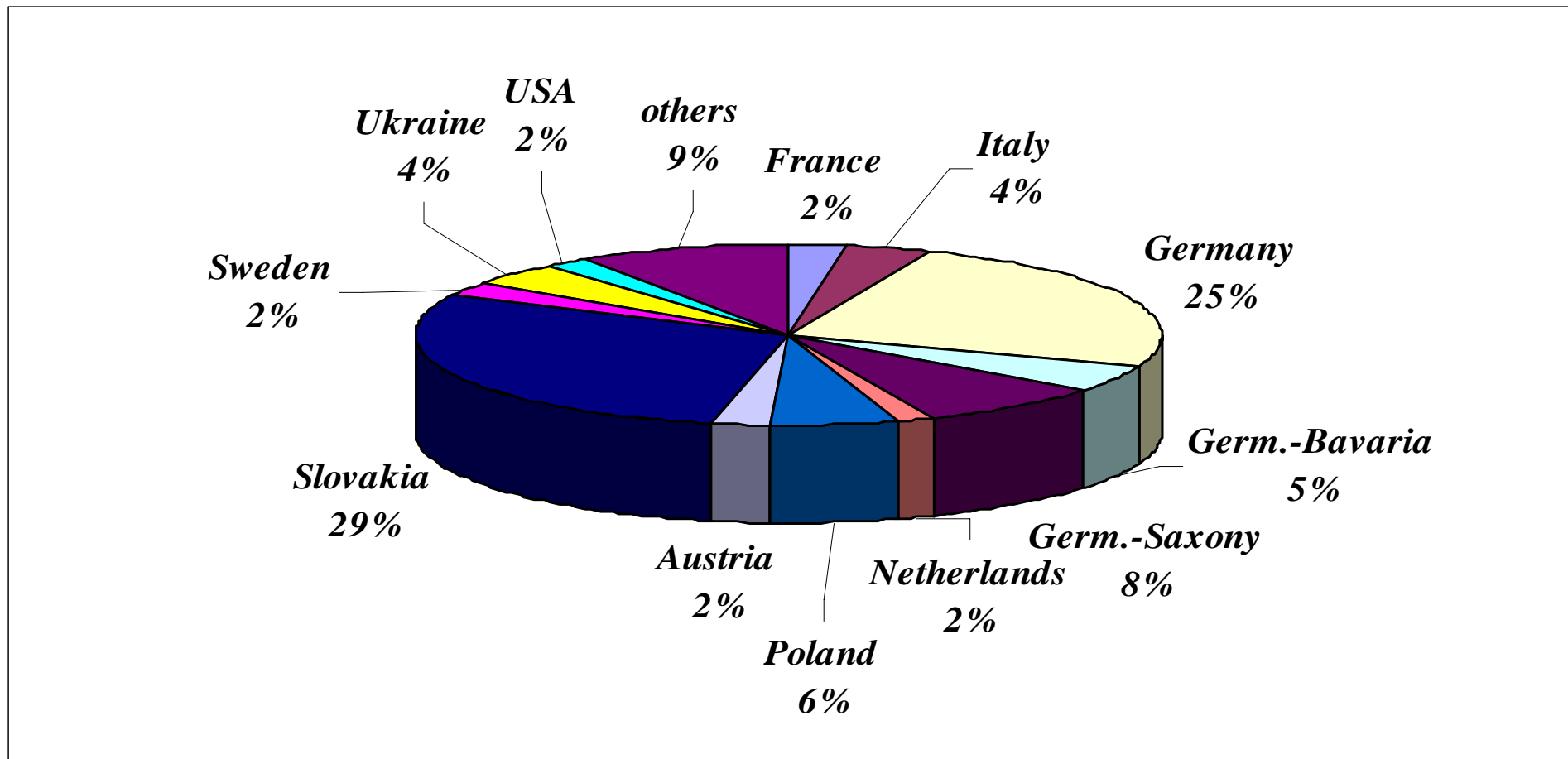
International Cooperation (1)

- Legal base:
 - Tax treaties
 - Mutual Assistance Directive
 - Savings Directive

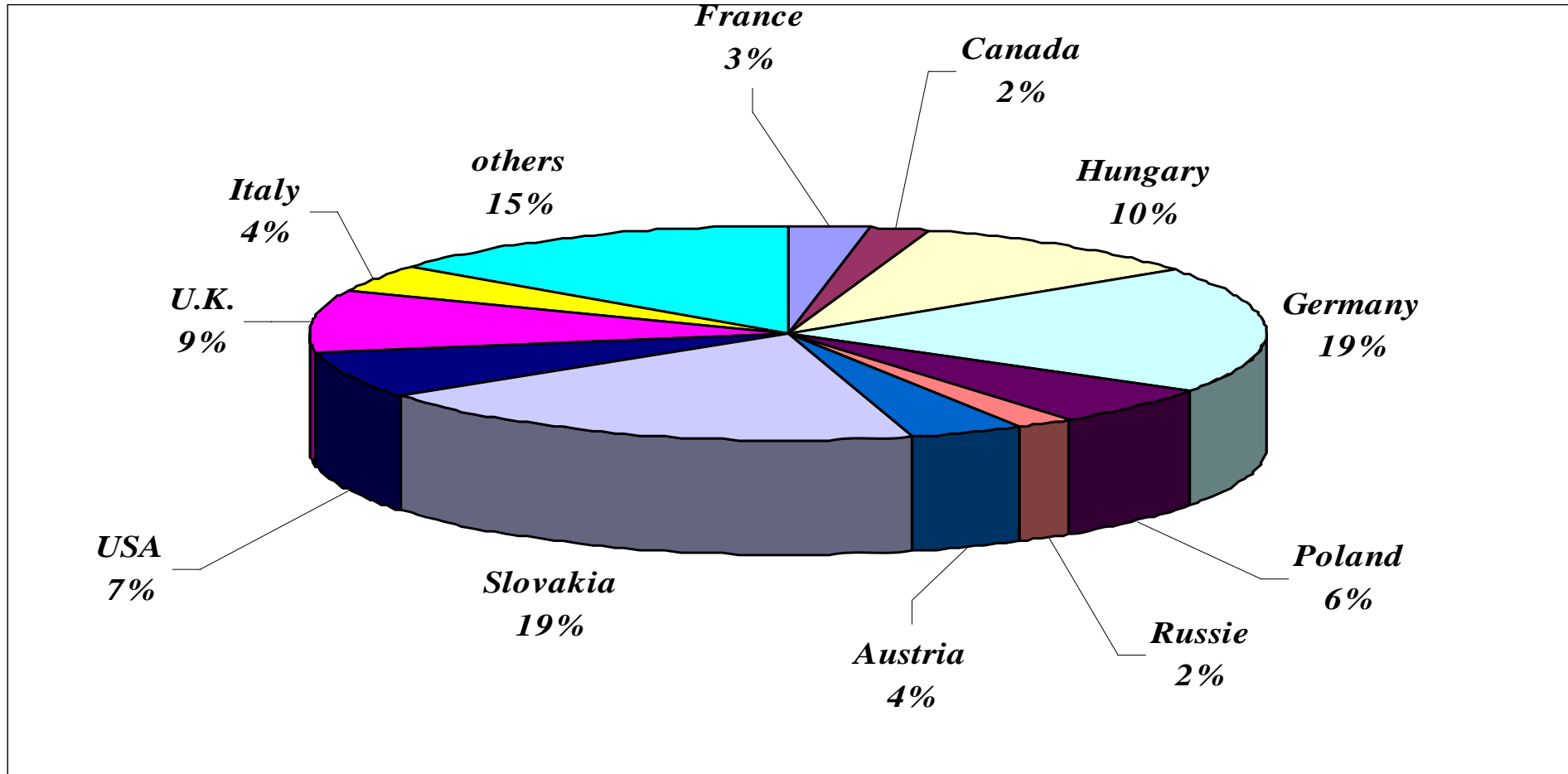
International Cooperation (2)

- Forms:
 - Exchange of information
 - On request
 - Spontaneous
 - Automatic
 - Simultaneous tax examination (bi-, multilateral)
 - Presence of tax officials
 - Direct collaboration

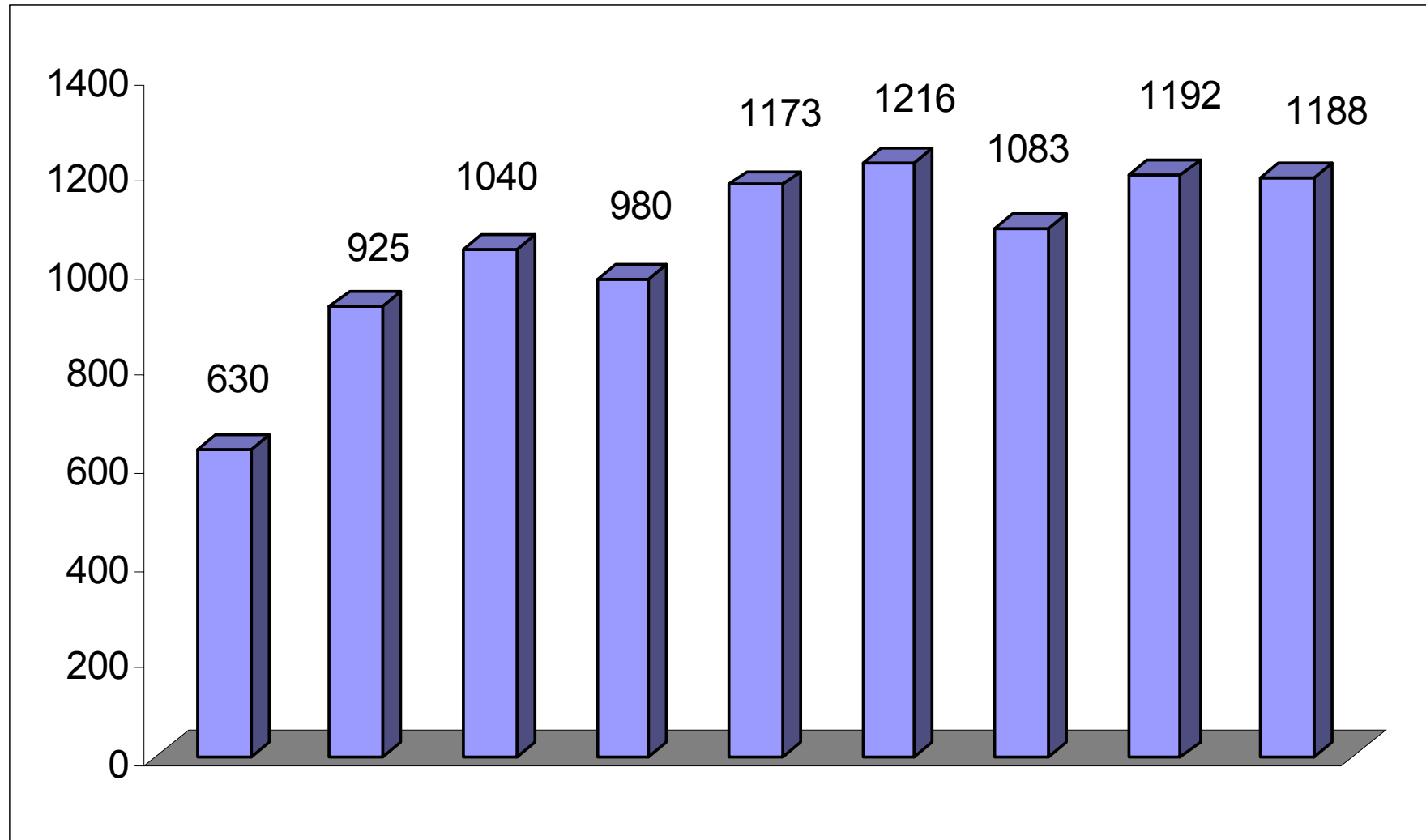
Requests/Spont. received 2008



Requests/Spont. sent 2008



Exchange of information 2000-2008



Harmful tax practice (1)

- Statistics:
 - 9 000 companies owned by Czech person have seat in *tax havens* or in countries with *preferential tax regime*
 - i.e. 3% have moved abroad
 - NL, USA, Cyprus, Lux., BVI, Liecht., Seychelles, Panama
 - Ready-made companies (Slovakia)
- Place of management

Harmful tax practice (2)

- 2003 – effort to conclude TIEA with selected tax havens – not successful
- 2009 – G20/OECD
 - Black/grey list
 - TIEA negotiation (OECD Model)
 - CZ: started with some countries
 - OECD standards for exchange of information
 - Breaking through bank secrecy
 - Amendments (protocols) to DTAs (e.g. CZ-Belgium)

Harmful tax practice (3)

- CZ agreed the EU approach
- Negotiation with 3rd countries on the Community level
- Liechtenstein – agreement on the fight against financial fraud (ongoing negotiation)

Taxation of multinational enterprises – transfer pricing

1. Part of tax administration practice
 - TP examination
2. APA programme (from 2006)
 - Under domestic law and Art. 25 MTC
 - Binding consideration
 - Uni- or bilateral APAs

Statistics:

10 requests per year,

2009 - 1st request for bilateral APA

Transfer pricing (cont.)

3. Dispute resolution

- Mutual agreement procedure (Art. 25 MTC)
- EU Arbitration Convention

4. Documentation requirement

- EU TP Documentation accepted

5. Recent topics

- Effect of crisis
- Comparables
- Methods (Cost plus/minus, profit split)

Conclusions

- International issues in focus of tax administration
- Interest to abolish international tax evasion schemes
- Closer cooperation among national tax administrations
- Broadening int. cooperation
- Attitude of tax payers and tax inspectors