



XXIII. ročník mezinárodní odborné konference

TEORETICKÉ A PRAKTICKÉ ASPEKTY VEŘEJNÝCH FINANČÍ

**Vysoká škola ekonomická v Praze
Fakulta financí a účetnictví**

13. – 14. dubna 2018



OECOMICA
Nakladatelství VŠE

Vysoká škola ekonomická v Praze
Fakulta financí a účetnictví

Teoretické a praktické aspekty veřejných financí

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Abstracts

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Convergence of tax revenues in the European Union states between 1996 and 2016

The aim of this paper is to assess whether there has been a convergence of tax burdens within the European Union over the past twenty years, and whether the 2008 financial crisis could influence convergence process. The tax burden is analyzed through a tax quota using the sigma convergence method, based on an assessment of the convergence of tax revenue ratios of individual types of taxes to GDP in European Union countries in a given period (i.e., a partial tax quota that also reflects on tax mix structures). Due to the assessment of the sub-components of the tax quota, we can observe the tendencies towards convergence or divergence in individual tax areas. The areas are classified according to the methodology used by the OECD and divided into the following groups: personal income tax, corporate income tax, taxation of goods and services, property taxation, social security contribution and payroll taxes.

Key words: tax quota, tax burden, convergence

Jel:

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Legislative impact of Supreme Audit Office's Control actions

The aim of the paper was to analyze the qualitative impact of selected control activities of the Supreme Audit Office of the Czech Republic in the area of (especially tax) revenues of the state budget. The paper focuses on recent Control actions. In addition, the trend in government decisions on the results of controls carried out since 1993, which are materialized in the individual control conclusions, is examined here. This paper works both with individual government decisions, as well as with control findings and annual reports. The results show both the demonstrable qualitative impacts of some controls and the potentially increasing capacity for action of the Czech government.

Keywords: SAO, Tax Revenues Control, Control action, Control conclusion of the SAO, Government Resolution of the Czech Republic, SAI
Jel: H83

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Local tax on land at the level of Slovak towns

The objective of this paper is to analyze and compare tax rate on land in case of Slovak towns during the period of 2012-2016. The selected sample is composed of Slovak towns (67) from four different self-governing regions. In our post we focus on tax rate on the selected types of land, which can be set out by towns independently. That's why this is primarily based on the GBR (General Binding Regulation) of all researched towns regulating individual tax rates for specific types of land. The results of our work will be reflected in three fields – determining the average local tax rate on land in case of 67 researched towns during five years, identifying the average tax rate on individual types of land and comparison of revealed interregional disparities.

Key words: local tax, tax rate, Slovakia, towns

Jel: H71, H29

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Options valuation included jumps in intervention period

The fundamental equilibrium of the FX rate was significantly impacted by interventions of the Czech national bank. This article focuses on intervention influence on option valuation EUR-CZK currency pair as an underlying asset in years 2013-2017. We describe and quantify the prices of aforementioned FX options applying different approaches for historical and implied volatility estimation. Applying the implied volatility, we calibrate the jump diffusion model which provides the description of magnitude and direction of jumps in the underlying asset price. Mainly to ensure better comparability of the data for volatility and model estimation, both pre-intervention and post-intervention data were used. Estimated parameters show, that markets in 2013 did not trust the Czech economy and expected jump depreciation of the Czech crown. In 2014 and 2015 markets expected no major deviations from the exchange rate commitment and, therefore, only depreciation was expected. From 2016 onwards markets adjusted expectations in line with the exit from exchange rate commitment and hence expected appreciation. Due to high volumes of speculative capital and large short sales of the Czech crown markets again expected depreciation.

Key words: Option, volatility, jump diffusion model, intervention
Jel: C61, E5

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Geographic Inequalities in the Distribution of Physicians and Nurses: Czech Republic 2005 and 2015

The objective of this study is to measure and evaluate development of the geographic inequality in the distribution of physicians and nurses between the Czech regions, 2005 and 2015. The Robin Hood Index and the new inequality measure that is able to deal with multiple health resources by transforming them into a single virtual resource were used. In 2015, the values of individual Robin Hood Indexes were 6.64% for physicians and 3.96% for nurses. In 2005, the values of individual Robin Hood Indexes were 7.18% for physicians and 4.52% for nurses. So we observe an improvement in the distribution of both physicians and nurses during the years 2005 and 2015. The combined Robin Hood Index values 4.58% (2005) and 5.06% (2015) take into account that the combinations of two health resources serve regional populations. Paradoxically, we obtained an opposite result, the inequality increased.

Key words: Geographic Inequality, Health, Physicians, Nurses, Data Envelopment Analysis, Czech Republic
Jel: I14 D63

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Posouzení efektivity a produktivity pobytových sociálních zařízení

The article focuses on an evaluation of the technical effectiveness of 33 specific social facilities (retirement homes), using the basic DEA (CCR and BCC) models and Malquist Index for a specific timeframe of 2011 to 2016. The main focus when selecting the retirement homes was to have the means to compare them to one another. To evaluate the effectiveness we've created a model that works with four inputs and two outputs. The inputs: Number of beds per one employee, wage per employee (thousands of CZK), number of beds per one employee in direct care and finally a cost per bed (thousands of CZK). The outputs: The income per bed (thousands of CZK) and a number of transfers per bed (thousands of CZK).

The results show that the number of total effective retirement homes in the input-oriented model in 2011 was 57.57% in case of VRS and 24.26% in case of CRS. The input-oriented model proved the effectivity at 57.58% of cases when assuming the CTS and 24.25% when assuming the CRS. In 2016 the number of effectively functioning retirement homes in input-output model was 51.51% in case of VRS and 27.27% in case of CRS.

Key words: domovy pro seniory, technická efektivnost, produktivita, Data Envelopment Analysis, Malmquist index

Jel: J14, J26

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How Does Expenditures Affect Tertiary Education in the Czech Republic?

Tertiary education is the highest level of formal education and it is a very important driver of economic growth. Systems of tertiary education are based on different approaches especially considering the financing. Higher education institutions are partly financed by the state (public expenditures) and partly financed by the private sector (private expenditures). This paper deals with the importance of the amount of money spent on tertiary education, size of public and private expenditures on total expenditures and compares that with the performance of universities within the OECD countries. Basically, it is difficult to analyze the performance of universities in a simple way and compare the results among different countries without the knowledge of special features of every single tertiary system. On the other hand, it is important to make our tertiary education institutions more competitive and this is also driven by the expenditures.

Key words: Tertiary Education, Public Expenditures, Private Expenditures

Jel: H52, I23

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Discussion of the Impact of Changes in the Selected Structural Elements of Public Expenditures on Their Amount: the Case of Payments for State Insured Persons in the Czech Health System

Contribution focuses on the future development of payments for state insured persons in the Czech Health System after the year 2020. We discuss possible adjustments of this mechanism, because currently this is completely unclear. The crucial question is how the assessment base will change. From this part, we concluded, that everything depends on the possibilities of the state budget and the development of other sources of health financing. It was further tested what would happen when some of the structural elements used to determine this amount were removed or restricted. The article finds that significant changes would not occur.

Key words: Public health insurance, Public Expenditures, Ageing
Jel: I10, H51

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The relationship between deferred tax category and stock prices in chemistry

The paper deals with relationship between deferred tax category and stock prices in chemical industry (CZ-NACE-C-20). The relationship is assessed on data sample of companies making business in chemical industry and preparing their financial statements in accordance with international accounting standards IAS/IFRS. The data sample consists of companies listed on Frankfurt stock exchange and covers time period from 2005 to 2015. The stock prices dataset is based on Morningstar database. The results will be compared with author's previous papers concerning the deferred tax materiality and relationship of deferred tax category and stock prices in pharmacy.

Key words: deferred tax category, stock prices, pharmacy

Jel: M41

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Public pressure influencing the expenditure on counterterrorist measures in the Czech Republic

Public institutions responsible for spending funds in a manner that most effectively and efficiently keeps its people safe and for taking actions which have a good chance to divert life-threatening risks are influenced by public or voters, who follow rather emotional state of mind than the rules of efficiency and probability. The following study consists of theoretical background in the field of security and behavioral economics and results of electronic survey, which contribute to a complex analysis of overestimation of terrorist risks and its impact on public finance and policies in the Czech Republic.

Key words: Decision-making, public finance, terrorism
Jel: D81, J18

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Government Incentives and Charitable Donations: Analysis of the Crowding-out Hypothesis in the Czech Republic

Due to their heavy dependence on financial support from the public sector and close links to a wide range of government policies, non-profit organisations are becoming increasingly state-oriented. One significant impact of public subsidies may be identified in case of changing scope of private giving. There are robust evidence on the effects of public funding on nonprofit revenues, however, studies on crowding-out/in present inconsistent results. The results are strongly shaped by the research methods that are used. Although economic experts have striven to empirically test crowding theories, there is no comprehensive research of this type within the Czech Republic. This paper presents a new macro-level dataset and tests crowding theories on the basis of an aggregate model that includes all sub-sectors of the NPS in the Czech Republic. Our results demonstrate a crowding-out effect for public resources but not for other types of financing sources, such as revenues from the organization's own activity and commercial revenues. Answering these questions can contribute to the current knowledge and may have a real impact on both non-profit organisations and government representatives who make decisions about aid.

Key words: crowding-in, crowding-out, non-profit organisation; non-profit funding, public subsidies, unearned revenues

Jel: H31, H71, D14

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100 years of the public finance and 100 years of the tax reforms at the Czech Republic territory

The author deals with the development of taxes and tax reforms implemented in the Czech Republic and Slovakia for the period from 1918 to 2017. He focused on achieving of the objectives of tax reforms in the historical context of the previous tax reforms and their political support. The author considers the development of taxes and tax reforms for 100 years of public finance at the Czech republic territory in lights of the general tax principles of equality, security, convenience of payments and tax charges at low cost and definitions of tax reform.

Key words: tax reform, public finance, financial science, VAT, tax administration.

Jel: B22

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Microeconomic Model of Optimal Alcohol Taxation

This paper provides a general equilibrium theoretical model of alcohol taxation suitable for the empirical analysis of optimal alcohol taxation in the Czech Republic. For this purpose, we use a model determined by both externality corrections and fiscal considerations as the tax increase is assumed to immediately change other governmental policies such as labor taxation or medical expenditures.

Key words: Alcohol, Beer, Wine, Czech Republic, Elasticity, Price, Social costs, Tax
Jel: H21, Q02, Q18

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Determinants of Fiscal Decentralization – the Recent Evidence in European Countries

The article deals with the issue of government expenditure decentralization in European countries. The aim of the article is to empirically verify the theoretical determinants of government expenditure decentralization. The analysis is based on the data panel of 31 European countries covering the period of 1995 to 2016. Upon these data the random effects panel regression model is built and estimated. The estimated equations provide support for the hypotheses that the countries with larger land area, population size and level of economic development tend to decentralize more government expenditure, whereas the higher urbanization supports more centralization. The heterogeneity of preferences measured by ethnical, language and religion fractionalization proved to be the significant factor of expenditure decentralization. From the institutional determinants, the voice and accountability, the government efficiency and the political stability were the most significant determinants of expenditure decentralization. Finally, the federated countries and countries with socialist or German legal origin are more decentralized, while the English legal origin countries are more centralized.

Key words: Fiscal federalism, Fiscal decentralization, Government expenditure decentralization, European countries, Population, Land area, Urbanization, Preference heterogeneity, Governance.

Jel: H70, H77

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Labor Taxation and Its Effect on Employment Growth - Latest estimations with focus on the Czech Republic

The paper aims to assess effects of tax wedge on employment rate in the Czech Republic. To investigate the impact of tax wedge on employment growth is used a one-equation cointegration model based on Engle-Granger theorem on OECD data. Results are surprising, because of an unexpected positive relationship between endogenous and exogenous variables. The paper itself is divided into five main parts. First part is an introduction of topic and review of the literature, the second part is about data, the third part is the statistical methodology and last two parts are about results and conclusion.

Key words: personal income tax, tax wedge, employment growth
Jel: J30, J38, H24

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Transferring a Part of Corporate Property Tax to the Local Budget of Russian Regions: Feasibility Study

The paper focuses on the possible sources of income growth for the local budgets. In the present conditions local budgets find themselves in the difficult situations when the income is reduced while social expenses are constantly rising. Local budget deficit is closely connected with a prominent level of fiscal centralization in Russia. We analyze the possibility to transfer any tax income to the local level considering the requirements to the transferable taxes. The corporate property tax (CPT) remains the only tax for such a transfer at the moment. This tax income would be substantial for the local budgets, and the tax base of this tax is distributed relatively fair. The analysis shows that tax income from the CPT does not depend on the price changes of hydrocarbon raw materials and the inflation. The main disadvantage of CPT is a natural limit of possible revenue, but this limit can be overcome by basing property taxation on cadastral value. The analysis demonstrated that the country's average increase of tax base is 17.9%, and the region's average is 13%. Thus, it can be supposed that the tax base of CPT will increase by not less than 13% if the

cadastral property estimation is applied. The conclusion is made that transferring up to 20% of total revenue of corporate property tax to local budgets will ensure the growth of municipal entities budget revenues and will not lead to a significant reduction in the budget revenues of the region.

Key words: Key words: Local Government Revenue, Corporate Property Tax, Taxation
Jel: H710

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Human Capital Index and Government Expenditures on Education

The goal of this paper is to analyse variability in the human capital and government expenditures over time. The analysis is done on new data for years 1996 – 2015 with hierarchical clustering in selected countries. The countries are distributed into different clusters, and changes in the content of clusters and the number of clusters are interpreted. Revelations on education expenditures relation with human capital can help with budgeting in future and budget evaluation. Human capital is represented by the human capital index created by the author according to the methodology of World Economic Forum.

Key words: human capital index, education expenditures, clustering
Jel: H52, I25

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Tax Administration Systems in Changing Global Environment

This paper deals with fundamental elements of modern tax administration systems, key trends and organizational features of tax administrations in changing environment. Institutional and organizational reforms aim to increase the efficiency of tax collection, new technologies impact to increase the tax compliance and to reduce administration burden for taxpayers. The analysis is focused on the structure of staff (FTE's) in the Financial Administration of the Czech Republic regard of tax operations, non-tax roles and support activities in 2012-2016. The Financial Administration of the Czech Republic is analysed in comparison of tax administrations in other advanced economies from the point of view of costs, tax-compliance and administration burden for taxpayers, features of the organizational arrangements for tax administrative, criteria for organisational structure. Measures and performance indicators, the human resources structure and the organizational structure of tax administration are assessed.

Key words: tax administration, tax operations, administration burden
Jel: H20

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Comparing the Supply Side Reform of the United States and China - Whose Tax Cut Can Raise the Level of Productivity?

Trump's economic policy and China's supply-side reform both evokes association about the policy similarities to Reagan's supply-side economics, since both Trump and China's president Xi advocate the deduction of tax to individual and corporate alike. Historically, Reagan's economic was mixed with praises and criticism, mainly because it helped the United States to restore the economy while Keynesianism failed to combat hyperinflationary downward spiral, but it favored the capital and business instead of the labor. This paper makes comparison across of Trump's economic policy and China's supply-side reform to the policy of Reagan's era. This paper also intends to examine the effect of tax deduction on productivity performance.

Key words: Economic policy, Supply-side reform, Trump, Reagan, Reaganomics, China, Xi, Tax, VAT, Productivity
Jel: F00, H29, P3

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Compulsory two-component health insurance for Czechia: bad idea whose time will never come

The paper will deal with possible introduction of compulsory two-component health insurance in Czechia. Although it exists in the Netherlands in some form, even there it does not have predictable and desirable results and the health expenditure has increased since it was introduced. Therefore, we suggest a different approach for Czechia, based on universal and solidarity-financed standard and strictly voluntary additional payments.

Key words: Health, health insurance

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Efektivnost terciárního vzdělávání ve vybraných evropských zemích: Zaměření na země V4

V evropských zemích je úroveň terciárního vzdělávání z velké financována veřejnými výdaji. Podíl veřejných výdajů na celkových výdajích na terciární vzdělávání se např. v zemích V4 pohybuje v průměru na úrovni 76 %. Právě tento významný podíl byl impulsem pro změření efektivity terciárního vzdělávání ve vybraných evropských zemích, při čemž jsme zaměřili pozornost na země V4. Pro měření efektivity byla použita metoda DEA a byly sestaveny čtyři modely vstupně orientované. V celkovém hodnocení se ze zemí V4 nejlépe umístilo Polsko, a to na 4. příčce, Česká republika na 9., Slovensko na 12. a Maďarsko na 17. Výsledky modelů poskytují důležitou informaci o tom, jak lze pracovat se vstupy, aby terciární vzdělání bylo v zemích efektivní. Nelze však tyto závěry zobecňovat. Některé vyžadují další a hlubší analýzu problému (viz snižování počtu akademických pracovníků či podílu veřejných výdajů na terciární vzdělávání).

Klíčová slova: Efektivnost, DEA, Terciární vzdělávání, Visegrádská čtyřka

Jel: C14, C67, I21

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Negative income tax and the debate about its justification

Negative income tax is a proposed tax policy reform. However, the concept extends beyond the field of taxation; it is conceived as welfare or poverty mitigating policy. This paper examines the negative income tax as a special case of a universal basic income. It reviews the different approaches to justify universal income guarantee starting from the early proposals of the late 18th Century through the 1960s and 1970s debate in the United States up to the contemporary debates. The paper shows that the concept can be justified from very diverse philosophical and ideological perspectives that would otherwise seem irreconcilable. In the final part, it reviews the current research issues in the field and provides a prediction of the future policy debates.

Key words: negative income tax, universal basic income, justification
Jel: H24, H53, I38

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Public goods consumer behaviour

Regardless of whether this is a field or laboratory experiment, the level of voluntary provision of public goods can be affected not only stochastically but also systematically in a positive or in a negative way (Ledyard, 1995). Also, the ability of an experimenter to influence a particular factor by a different set of backgrounds can significantly affect the willingness of individuals to voluntarily pay for public goods. The aim of the paper is to find out if different instructions lead to a different rate of voluntary payment for public goods. We assume that individuals are particularly affected by internal factors when deciding. Individuals' decision whether to voluntarily pay has been influenced by risk perception, warm-glow effects and the social position of the individual.

Key words: consumer, experiment, internal factors, willingness to pay
Jel: C91, D12, D64, H41

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Bez příspěvku.

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**Employment of shareholders-individuals in tax
planning through Panama Papers destinations: A
case study for the Czech Republic**

Panama Papers have revealed a number of specific stories where financial secrecy, anonymous ownership or shell companies play an important role in the world economy and while the news stories contributed to better understanding of this until now mostly hidden underworld, a systematic estimate of its scale and importance has proved more elusive. The paper researched the importance of the Panama papers tax havens in profit-shifting from the Czech Republic. We found that MNEs may shift the profits to these tax havens. Generally, the profit shifting within the structure of the entities with the link to the tax haven is done through the shift of operating revenues or the costs. The profit shifting through debt channel was not identified in case of the Czech Republic.

Keywords: Panama Papers, multinational enterprises, profit shifting, tax haven, base erosion, debt financing, shareholders-individuals
JEL Classification: H25, H26

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What Are Efficient Measures Against VAT Evasion? – Evidence from the Czech Republic

VAT is one of the most important tax revenues of the European states yet it suffers from excessive tax evasion. Carousel frauds that abuse the current VAT treatment of cross-border supplies of goods in the EU represent the most serious type of VAT evasion. Almost all EU Member States have implemented anti-fraud measures. This paper discusses efficiency of such measures as introduced in the Czech Republic. The analysis of quarterly time series of VAT revenues from 1999 to 2016 showed that from all the anti-fraud measures, tightening of the rules for unreliable payers introduced at the beginning of 2013 proves in our models as the most robust. Significant, positive effect has also been identified for an adoption of the reverse charge mechanism on scrap and emission allowances, as well as for an implementation of the VAT control statement. On the other hand, our analysis did not confirm that the so-called protective orders do increase VAT revenues. The total annual effect of the above-mentioned measures was according to the model around CZK 51 billion by the end of 2015. This is 14.5 per cent of the total annual VAT revenues.

Key words: Carousel Fraud, Czech Republic, Tax Evasion, VAT
Jel: H26

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Veřejné finance a příprava na obranu Československé republiky v letech 1933-39

Po nástupu Adolfa Hitlera k moci v Německu v roce 1933 se Československo začalo připravovat na vojenské střetnutí se svým sousedem. Došlo k obrovskému nárůstu veřejných výdajů na armádu, což mělo negativní dopady na stabilitu veřejných financí. Příspěvek se zabývá nejen dynamikou těchto výdajů, ale i způsoby jejich krytí a makroekonomickými dopady.

Public Finance and Preparation for the Defense of the Czechoslovak Republic in 1933-39

When Adolf Hitler came to power in Germany in 1933, Czechoslovakia began to prepare for a military confrontation with its neighbor. There was a huge increase in public spending on the army, which had a negative impact on the stability of public finances. The paper deals not only with the dynamics of these expenditures, but also with their coverage and macroeconomic impacts.

Key words: Public Finance, Army, Public Deficit
Jel:

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Effect of value added tax rate changes on price level of foodstuffs

The aim of this paper is to determine the effect of value added tax rate change on the price level of foodstuffs and analyze the VAT rates of member states. Member states of the European Union use various modification and rates. The value added tax has specific effect, because the indirect tax is included in the price of goods and services. Foodstuffs are basic goods which are consumed by all consumers, so each VAT rate change related to foodstuffs affects all citizens of each member state. The VAT rate increase brings significant impact on price level of foodstuffs especially in the month of implementation the change. In general, the increase VAT rate has more significant effect on price level than the decrease. Therefore, each increase of VAT rate can cause effects which can be difficult for the government to compensate later through the VAT rate decrease.

Key words: value added tax, price level, foodstuff, rate change, European Union
Jel: E31, H20

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Emission allowances, a basic macroeconomic tool of environmental protection

The European Union is the world leader in the field of environmental protection. Air protection is an important part of it and has also become part of EU law. Air Protection Tools form a comprehensive system and its very important component is the economic instruments of environmental protection. These economic instruments are used by EU Member States in mix of different elements, which are elected according to the national environmental protection policy. An essential element of this mix is the EU-wide ETS, a common emission allowance market, across the EU. In developed countries of the world, for which environmental problems are a priority, there are a whole range of allowance trading systems combined with other air protection instruments. Some Member States also use a carbon tax as a complement to the EU ETS, which helps them to cover small emissions producers and carriers as well. Market innovation and the uniform introduction of carbon tax into all Member States are a way of unifying environmental policy and improving air quality in the EU. The Czech Republic uses emission allowances in particular as a basic economic tool to reduce CO₂ emissions. This instrument, along with excise duty on energy products and fuel, is a mandatory measure resulting from the EU's common environmental policy.

Key words: Market, emission allowances, Environmental policy,
Economic instruments, Carbon dioxide

Jel: B22

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The minimum wage in the Czech Republic

The minimum wage and its determination is not an economic but, above all, a political category, heavily dependent on the composition of the government and parliament. The process of raising the minimum wage does not correlate with economic growth.

The article focuses on the development of the minimum wage and the related “guaranteed wage”. The authors propose a new approach for the determination of the minimum wage, which would not be dependent on political decision-making but which would be laid down by the law based on certain known criteria, depending on objective economic data. The authors also propose that the “guaranteed wage” be cancelled.

Minimální mzda v České republice

Minimální mzda a její stanovení není ekonomickou, ale především politickou kategorií, silně závislou na složení vlády a parlamentu. Proces navyšování minimální mzdy nekoreluje s ekonomickým růstem.

Příspěvek je zaměřen na vývoj minimální a od toho se odvíjející zaručené mzdy. Autoři navrhnou nový přístup ke stanovení minimální mzdy, který by nebyl závislý na politickém rozhodování, byl dán zákonem podle určitých známých kritérií, závislých na objektivních ekonomických údajích. Současně navrhnou zrušení tzv. zaručené mzdy.

Key words: minimum wage, guaranteed wage, gross domestic product, inflation

Klíčová slova: minimální mzda, zaručená mzda, hrubý domácí produkt, inflace

Jel: H3, J3, J6, J8

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Fiscal information intermediation in the Czech parliamentary budget debate

Fiscal transparency is essential for good governance. It is increasingly acknowledged that it is much more than simple information disclosure and that it is constructed through complex interactions among variety of actors. These actors play four distinct roles: fiscal information supply, fiscal information brokering, decision making based on fiscal information and enabling fiscal information processing. While fiscal information brokering is believed to be an useful mechanism in achieving efficient fiscal transparency, the actual evidence is scarce so far.

The purpose of the paper is to explore fiscal information brokering in the framework of the Czech parliamentary budget debate. The research is based a set of in-depth interviews with the members of the Chamber of Deputies and the minutes from the meetings of the parliamentary committees. First the individual brokers are identified and then their particular impact is evaluated.

The contribution is processed as an output of the research project „Public finance in the Czech Republic and the EU“ registered by the Internal Grant Agency of University of Economics, Prague under the registration number F1/1/2016.

Key words: fiscal transparency, budget debate

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Does the income taxation have effect on debt of corporate sector?

Theory supposes that corporate income taxation encourages companies to issue debt as opposed to equity finance because interests are deductible while dividends not. In addition, international differences in tax regimes incentivize multinational firms' to shift debt to optimize their taxes. Since the high debt level can have adverse consequences we decided to find out whether the taxation is one of the causes of the corporate sector indebtedness. We used a macroeconomic approach, i. e. all the variables were constructed on the country-level, and employed data for 18 EU member countries for the period 2006-2014. The model for the short-term indebtedness suggests that there is a relationship between the corporate debt and the debt-shifting incentive or the thin-capitalization rule. However the models for the total indebtedness do not provide any evidence that the corporate taxation influences the corporate sector debt. The firms' debt was affected rather by the macroeconomic factors.

Key words: Corporate debt, Corporate taxation, Debt bias, Debt shifting

Jel: G32, H25

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Employment of shareholders-individuals in tax planning through Panama Papers destinations: A case study for the Czech Republic

Panama Papers have revealed a number of specific stories where financial secrecy, anonymous ownership or shell companies play an important role in the world economy and while the news stories contributed to better understanding of this until now mostly hidden underworld, a systematic estimate of its scale and importance has proved more elusive. The paper researched the importance of the Panama papers tax havens in profit-shifting from the Czech Republic. We found that MNEs may shift the profits to these tax havens. Generally, the profit shifting within the structure of the entities with the link to the tax haven is done through the shift of operating revenues or the costs. The profit shifting through debt channel was not identified in case of the Czech Republic.

Key words: Panama Papers, multinational enterprises, profit shifting, tax haven, base erosion, debt financing, shareholders-individuals
Jel: H25, H26

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Indikátory finanční stability a zdraví pro potřeby obcí

Finanční stabilita obcí je důležitým východiskem pro jejich dlouhodobě udržitelný rozvoj a neúměrné zadlužení může generovat rizika pro jejich bezproblémové fungování. Ačkoli existuje řada metodik pro hodnocení finanční stability, vycházejí obvykle z potřeb ústředních orgánů státní správy či zákonodárných institucí a nejsou používány pro finanční plánování a řízení. Cílem článku je sestavit soustavu ukazatelů pro hodnocení finanční stability a zdraví pro potřeby obcí, která využívá veřejně dostupné informace. Navržené indikátory vycházejí ze dvou základních předpokladů pro zajištění krátkodobé i dlouhodobé rozpočtové rovnováhy a udržitelnosti financování. Konkrétně saldo běžného rozpočtu by vždy mělo být kladné a maximální dluhová služba by neměla převyšovat přebytek běžného rozpočtu. Soustava ukazatelů obsahuje 3 skupiny indikátorů: rozpočtového hospodaření (7 indikátorů), zadluženosti (8 indikátorů) a likvidity (3 indikátory). Pro každý indikátor je k dispozici jednoznačně definované a interpretovatelné hodnocení z hlediska finanční stability a možných rizik.

Klíčová slova: obec, finanční stabilita, zadluženost, likvidita, riziko
Jel: H7, R5

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The economic and social consequences of changes in the pension system in Poland in 2017

The article presents the results of analysis of the consequences of lowering the retirement age in Poland from October 2017 for the finances, the labor market and pension benefits level.

The author analyzes changes in the Polish pension system against the background of selected paramentries of pension systems in other European Union countries. According to the conducted research, the lowering of the statutory retirement age in Poland will have a negative impact on the state of public finances as well as on the amount of future retirement benefits in the long term.

In the future due to unfavorable demographic changes (aging of the population) and increasing subsidies from the budget to the Social Insurance Fund, from which they are paid, among others In Poland, retirement pensions are expected to be extended again. It can be assumed that this will not happen before the next parliamentary election, that is before 2020.

Key words: pensionable age in Poland and EU, pension reforms, public finance, labour market.

Jel: E240, E600, G220, H550, H690, J260

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The Degree of Inequalities in the Income Households in the EU Member States: Measurement and Results

The large degree of income differentiation among the population and the permanently increasing gap between wealthy and poor households is a major problem of (not only) Western democracy. The degree of inequality is determined, inter alia, on the basis of the Lorenz curve and the Gini coefficient, which are the key concepts of the contribution. After describing these terms, the text deals with the comparison of the Gini coefficient in the EU Member States, its development and its results. The results show that tax policy itself is not the main reason for increasing of inequalities in the income of households.

Key words: Lorenz Curve, Gini Coefficient, Households, Tax Policy,
EU Member States

Jel: H20, H23

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Vybrané aspekty veřejného obstarávání v České republice

Príspevok prezentuje vybrané aspekty veřejného obstarávání v České republice. Na súbore veřejných zakázek na stavebné práce zadaných v období 2012-2014 je analyzovaná kompletnost informácií uverejnených v Informačním systému o veřejných zakázkách. Následne sú predstavené problematické oblasti a obmedzenia empirickej analýzy identifikované pri spracovaní dát a naznačené možné spôsoby ich riešenia.

Selected aspects of public procurement in the Czech Republic

The paper presents the selected aspects of public procurement in the Czech Republic. Using the dataset of public works contracts awarded in the period 2012-2014 the completeness of information published in the Information System on Public Contracts is analyzed. Subsequently, the problematic areas and limitations of the empirical analysis identified in processing the data and the possible ways of solving them are presented.

Klíčová slova: veřejné obstarávání, veřejná zakázka na stavebné práce, Česká republika

Key words: Public procurement, Public works contract, Czech Republic

Jel: H57

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FDI and investments in SPE – differences in elasticity

This paper analyses the relationship between tax variables and foreign direct investments. As dataset, data about inflow of FDI are used – firstly FDI data containing data about special purpose entities (SPE) and data without SPE. There are many studies which analyze influence of taxation (especially corporate income tax variables) on the amount and location of foreign direct investments, but only few papers discuss difference between data with SPE and non-SPE data.

The analysis is done for yearly data for period 2014 – 2016 as two steps analysis – if FDI takes place or not and about decision about the amount of FDI.

The results shows, that the data of FDI in SPE has impact on elasticity of variables. In the step about decision making, data without SPE has more statistically significant variables. In case of decision about amount of FDI the statistically significant variables are almost the same in both cases, but there is difference in the elasticity (impact). The impact of data without SPE is only in the amount circa 80% of the amounts of data with SPE.

Key words: FDI; taxation; SPE; special purpose entity

Jel: F21, H24

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Aggressive tax planning and FDI public data

Aggressive tax planning (ATP) is on the top of the agenda not only of European countries. Many initiatives, both on national and international level, have been taken into account to reduce possibilities for international groups of corporations to shift taxable profits to low tax jurisdiction. This paper analyses most common ATP structures used for base erosion and profit shifting, identifies main features of such structures and discusses how are these features reflected in publicly available foreign direct investments (FDI) data. With such analysis, countries with preferential tax regimes could be identified.

Key words: tax planning, base erosion, profit shifting, foreign direct investments

Jel: H26

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The Expenditure on the Public Administration in the Statutory Cities

This paper focuses on the evaluation of public administration expenditure in the statutory cities of the Czech Republic. These are expenditures for self-government and delegated of state administration. The expenditures on the administrative also include expenditures on the delegated state administration, whose administrative districts are differ. Statutory cities can organize their internal affairs by creating town areas with their own self-government. The statutory city then has a many number of offices, authorities, councilors, and higher administrative expenses. However, not all statutory cities organize their internal affairs by creating town areas. The aim of the paper is to compare and evaluate the expenditure on the public administration in 25 statutory cities, both territorially structured and not territorially structured, and identify the main factors that affect them.

Key words: statutory city, state administration, self-government,
administrative fees

Jel: H50, H72

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Base Erosion and FDI Statistics

Research literature on corporate tax revenue losses develops dynamically, in particular due to the impact of the 2008–2009 crisis on public budgets. Interest in this research area is also supported by efforts of developed countries at the OECD and the EU level (Anti Tax Avoidance Package 2016) as well as by other countries at the level of various platforms (e.g. the UN: Subcommittee on Base Erosion and Profit Shifting), aimed at reducing international tax planning and securing additional tax revenue. Studies and policies have focused on the issue of profit shifting and tax avoidance by means of revealing the role of offshore investment hubs in BEPS. FDI analysis stems from the OECD recommendation, which emphasises that FDI could serve as a potential data source for further analysis of the profit-shifting practices of MNEs. Therefore, analysis of the available data for FDI could give a useful indication with respect to the magnitude of BEPS. Data used in this paper were provided partly by the OECD Globalization Database, IMF and also by the UNCTAD database. The presented paper focuses on the methodology and descriptive statistics of the foreign direct investment (FDI) flows and investment returns with an emphasis on the Czech Republic. Different FDI reporting methods (BPM5 vs BPM6) present different results and may have impacts on estimates of the BEPS models. The indicator of the level of FDI to GDP demonstrates that even within the EU there are countries with specific characteristics that may be counted as states with a preferential tax arrangement.

Key words: base erosion; profit shifting, FDI, dividends

Jel: H25, H26

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Reform of the Employee and Self-employed Income Taxation

Post-communist countries mostly realized the Hall-Rabushka tax plan from 1980's. It was close also in Czechia, but the expert of the neo-liberal party promised to decrease the personal income tax rate to 15 percent before the election and after the election, he did so in the position of the temporary finance minister by adding the employer-paid payroll taxes to this tax base. Today's finance minister wants, on the contrary, to abolish this so-called super-wage taxation in order to reduce taxation of wages only. Similar reflections have always a wider impact primarily on the self-employed and on tax expenditures. It is therefore important to look at the overall analysis of the current Czech system of taxation and social security. That is the aim of this paper, including the resulting steps of rationalization of the employee and self-employed income taxation.

Key words: Personal income tax, social security contributions, Hall-Rabushka tax plan, self-employed taxation

Jel: H24, H55, J32

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Split payment method and its impact on VAT evasion

Although, the VAT contributes significantly to tax revenues in all European Union Member States, current VAT system is vulnerable to organized fraud schemes and suffers from a vast tax evasion. European Union Member States and European Commission are discussing new ways of VAT collection to prevent the evasive and fraudulent practices. This paper aims at the description of different VAT collection methods including their flaws and benefits that are addressed in available literature. Our further objective is to perform a qualitative analysis of one of the collection methods - the split payment method. We evaluate the impact of this particular method on different types of VAT evasion and its potential for reducing the VAT gap in the Czech Republic. The results are that split payment method could be very efficient for combating the carousel fraud but quite forceless for threshold fraud or VAT avoidance schemes.

Key words: Split payment method, VAT collection, VAT evasion, VAT fraud

Jel: H26

Konference
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