

# EVIDENCE ON EFFECTIVE TAX RATES IN THE CZECH REPUBLIC

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## ABSTRACT

*The paper describes the development of the effective tax of natural persons in the Czech Republic. The analysis covers the period from 1993 to 2009. Two categories of taxpayers are compared: the first a single childless taxpayer, the other a family with two children, where only one spouse earns incomes. The results of the analysis clearly show a gradual, but not steady, decrease in effective tax rates for both categories of taxpayers. For single taxpayers, the effective tax rate decrease is in direct proportion with the amount of tax base. For married taxpayers the effective tax rate decrease is relatively steady for the whole time interval.*

**JEL:** H2; K3; P2

**KEYWORDS:** Effective tax rate, development, incomes from enterprise, natural person, Czech Republic

## INTRODUCTION

The Czech Republic, a relatively small European country, has been classified as a transformation economy. At the beginning of the 1990s, the Czech Republic was a part of the Czech and Slovak Federative Republic. Since 1993 it has been an autonomous country. It has since undergone a number of significant social and economic changes. The ultimate result was transformation from a centrally planned economy to a free market economy. Židek (2006, p. 4) points division of opinions on the appropriate classification of the previous economic system. Some argue it should be classified as a centrally planned economy, while others argue it should be classified as a biased free market economy. Nevertheless, the extent, importance, and impact these changes had on the Czech economy was, and remains, fundamental and indisputable.

In the context of the abovementioned changes, new opportunities opened for natural persons in the in the form of enterprise and practice of independently gainful activities. Frequent and crucial changes took place during the development, not only in the categorization of these incomes for the purposes of the Trades Licensing Act (see Act No. 455/1991 Coll., on Trade Licensing), but also in the follow-up financial laws, particularly in the Act No. 586/1992 Coll., on Income Taxes (hereinafter Act on Income Taxes). A feature of the latter act, which represents the basic rights and obligations of taxpayers concerning the income taxes of natural persons and legal entities, is its high frequency of changes including changes in nominal tax rates, nontaxable parts of the tax base and tax abatements.

This paper is concerned with the development of the effective tax rate, which represents the impact of relevant regulation on a taxpayer. It is an undisputable fact that a taxpayer primarily perceives the nominal tax rates most dramatically. However, due to other factors such as nontaxable parts of the tax base or eventual tax abatements, nominal tax rates say very little about the amount of real tax burden.

The paper is divided into several parts. The first section gives a brief introduction. Section 2 contains the findings from the literature research that has been carried out regarding the so-called effective tax rate and other related questions. Section 3 gives a general introduction of the Czech Act on Income Taxes. Section 4 lists starting points for the constructed mathematical models, on the base of which the amount of effective tax rate for the taxable periods and the defined categories of taxpayers in focus has been

determined. Section 5 focuses on the presentation of graphical outputs of the mathematical models and on the analyses of acquired results. The last part of the paper, Section 6, includes conclusion, and emphasizes certain relevant questions.

## **LITERATURE REVIEW AND BACKGROUND**

A common way to measure relative tax burden is the coefficient of the effective tax rate. The coefficient of the effective tax rate, can be used to determine the portion of payments from the total income. This coefficient has advantages compared to simple coefficients of nominal tax rates, as it also takes into account other factors including nontaxable parts of the tax base and tax abatements.

The basic classification of the indicators for effective tax burdens are listed in Schratzenstaller (2005, p. 91 et seq.). This author identifies two basic concepts of tax burden: Calculation of fictitious measures (estimation of the tax burden based on tax codes and tax rates); and Determination of factual tax rates using statistical data on tax payments. Schratzenstaller (2005, p. 93) presents a number of generally valid conclusions regarding both the corporate and personal effective tax rates. The author emphasizes the amount of tax duty is determined partly by tax rate and by taxable income, the latter showing considerable differences in individual countries. It is therefore safe to say that diverse statutory tax rates do not necessarily imply a different tax burden. And, vice versa that identical statutory tax rates necessarily lead to the same level of effective taxation. Široký also highlights this fact (2009, p. 61 – 62), however, from a slightly different point of view. In general, there are a substantial variations in the manner of determining taxable income. These factors are probably the main reason why little attention is paid to international comparison of the effective tax rates for natural person income.

The literature show that the effective tax rate generally receives considerable attention in the literature, however, not in connection with the aforementioned types of incomes of natural persons. Topics such as the effective tax rates in the case of corporate taxation, determination of the effective tax rates for investments, or the US tax system and its individual taxes, have been widely discussed. Bell and Kirschner (2009) deal with problems of effective property tax rates. In relation to the effective tax rate, attention is paid also to specific fields such as, bilateral effective tax rates. Loretz (2007) amplifies the findings of Devereux and Griffith on this topic and identifies variables that have influence on the amount of bilateral effective tax rates. In connection with the assessments of the tax questions regarding competition of the individual countries tax systems come into focus. In this respect, the question of coordination and cooperation in the field of taxes in the European Union is being widely discussed (Cnossen, 2003); (Zodrow, 2003).

### Czech Act on Income Taxes Overview

The field of regulating direct taxes in the member states of the European Union is, in particular, an expression of the sovereignty of individual member states which have retained a larger element of autonomy in this field. The Act on Income Taxes came into force on January 1, 1993 and was subsequently modified. Nevertheless, some principals and fundamental regulations are remain unchanged, including the classification of natural person incomes.

Incomes of natural persons from enterprise and from other independently gainful activities are one of the five basic income types distinguished in the Act on Income Taxes. The basic income categories are: a) incomes from employment and function benefits (§ 6); b) enterprise incomes and incomes from other independently gainful activities (§ 7); c) incomes from capital assets (§ 8); d) lease incomes (§ 9); e) other incomes (§ 10).

In connection with the abovementioned income categories, we recognize the so-called partial tax bases. The analysis was based on the premise that the only income of the taxpayer are the forms of income provided for in § 7 of the Act on Income Taxes, wherefore this partial tax base forms the total tax base of the income tax of natural persons. Frequent and often fundamental changes in the nominal tax rates (see Appendix 2). Changes in incomes included in the partial tax base, tax acknowledgeable expenses and changes in the nontaxable parts of the tax base amount or in abatements notwithstanding and conceptual changes were made in the years 2005, 2006 and 2008.

In 2005, the nontaxable part for children was abolished and transformed into the so-called tax allowance (provision § 35c of the Act on Income Taxes). This tax allowance can be, in compliance with the terms provided by law, claimed in the form of tax abatement, tax bonus, or tax abatement and tax bonus. A tax bonus is in principle an amount that can be rightfully requested by the taxpayer from state, if the amount of their tax duty before claiming the tax allowance for a child is lower than the tax allowance amount for a child. In contrast with the previous state, taxpayers could only reduce their partial tax base. A major change took place, because high claims often accrued for families with low income and several children (the maximum accruable amount made CZK 30,000 in the years 2005 – 2007; while it makes CZK 52,200 in 2008 – 2009).

In 2006, transformation of nontaxable parts of the tax base pertaining to the personal status of a taxpayer took place (e.g. nontaxable part for taxpayer, nontaxable part for incomeless spouse, nontaxable part due to disability of the taxpayer or due to the student status of the taxpayer). These nontaxable parts of the tax base were transformed into the form of tax abatements and transformed from § 15 of the Act on Income Taxes into the newly stipulated § 35ba of the Act on Income Taxes. A number of nontaxable parts of the tax base, however, remained in § 15 of the Act on Income Taxes (the data in brackets represent the year of their stipulation in the Act on the Income Taxes). These are namely the payments regarding gifts (since 1993), interests on credit from building saving and on mortgage credit (since 1998), pension additional insurance (since 1999), private life insurance (since 2001) and remunerations of tests verifying the results of further education (since 2007).

A completely fundamental change in the field of income taxation of natural persons became effective on January 01, 2008, when, among others, the flat tax rate amounting to 15% was introduced, and taxpayers with the respective income types had to face the removal of social and health insurance payments as provided by law from tax effective expenses.

## **DATA AND METHODOLOGY**

This paper aims to take a closer look at the development of the effective rate of natural person income taxes for incomes attained through enterprise and other independently gainful activities in the Czech Republic since 1993. While emphasizing the implication of the impact and changes in basic nontaxable parts of the tax base and tax abatements (see Appendix 1). Deductible items of the tax base, other nontaxable parts of the tax base and other tax abatements were not considered in the mathematical models. For this reason, the final effective tax rate magnitudes can be perceived as being at the top limit, because exercising any further item listed in the preceding sentence would lead to its decrease.

The basis for the analysis is the formulation of the effective tax rate by means of discrete functions. In these functions the amount of gross tax base, that is tax base before claiming the above specified nontaxable parts of the tax base, and the amount of nominal tax rate and the amount of nontaxable parts of the tax base, tax abatements, represent the independent variables. The form of the mathematical model itself naturally reflects the respective legal regulation, which is determined from the view of particular content and the form of the function.

Two categories of taxpayers have been analyzed. These are those taxpayers who bear the highest and the lowest relative tax burden under the chosen circumstances. The first group, representing taxpayers with the highest effective tax rate are single childless taxpayers. A family with two dependent children, where only one spouse attains incomes, represents the second category of taxpayers. The choice of exactly two children in the family has been made with respect to the fact that this number is representative with regard to the demographic development in the Czech Republic (Czech Statistical Office). For the sake of completeness, future research should examine families with varying numbers of children. The constructed mathematical models for both categories of taxpayers come out of the starting points and simplifications listed in Table 1.

Table 1: List of Starting Points and Simplifications for Mathematical Models

<b>Starting Points and Simplifications for Constructed Mathematical Models</b>
The taxpayer is a tax resident of the Czech Republic.
The incomes from enterprise and from other independently gainful activities are the only incomes of the taxpayer.
The lowest considered tax base is the amount of CZK 96,000, which equals the minimum monthly wage amounting to CZK 8,000 (the presented minimum wage amount has been valid since 2007); according to the exchange rate as of 30.09.2009 (CZK 17.178 for 1 USD), this represents the yearly tax base amount of USD 5,589.
The existence of minimal tax base was not taken into account. For taxable period of the years 2004 – 2007 the Act on Income Taxes contained an article (§ 7a) that stated conditions on which a taxpayer was obliged to figure out his tax liability from the minimal tax base in case his real tax base had been lower than by the law stated minimal tax base.
A step-by-step change for the purposes of discrete tax burden function is the change of the tax base by CZK 12,000 a year, which equals the amount of USD 699 according to the exchange rate as of 30.09.2009.
The highest tax base considered is the amount of CZK 1,200,000 (according to the exchange rate as of 30.09.2009, this represents the amount of USD 69,857).
The performance of the activity is being realized during the entire taxation period (the calendar year for natural persons). Taxpayers claim the following basic nontaxable (or tax abatements): for taxpayer; for incomeless spouse; for dependent children.
The tax burden amount for the years 1993 – 2008 was determined according to the state as of 31.12., and for the year 2009 according to the state relevant and effective as of 30.09.2009.
<i>This table shows the development of the tax system in the Czech Republic. Computation of the effective tax rates is based on a number of simplifications. One is a disregard of the minimal tax base. Since the lowest considered amount of CZK 96,000 is lower than the minimal tax base, the “real” effective tax rate should be higher for the taxable period 2004, 2005, 2006 and 2007. However, there is set of conditions and exemptions for the application of this institute. Hence, some abstraction is expected.</i>

The effective tax rate as seen in this paper corresponds to the relative tax burden, which is defined as the amount of tax duty provided for in the Act on Income Taxes (see § 16) against the tax base before the deduction of nontaxable parts of the tax base. Thus it corresponds to the concept presented by Šíroky (2008, p. 3) and can be sorted into the “fictitious tax burden“ category, which assesses the tax burden indirectly based on the tax law analysis (see Schratzenstaller, 2005, p. 92). The effective tax rate can be mathematically expressed as follows:

$$ETR = \frac{T}{TB} \times 100 [\%] \quad (1)$$

where T (*Tax*) is the final tax duty [in CZK] determined according to § 16 of the Act on Income Taxes after the deduction of possible abatements and allowances and TB [in CZK] is the tax base before the nontaxable parts have been claimed. This choice of the tax base is not random. It aims to remove potential distortion resulting from the fact that the basic nontaxable parts of the tax base related to the person of the taxpayer have been relatively recently transformed into the form of tax abatements. For the sake of completeness, it is appropriate to note that social and health insurance are sometimes also included in the coefficient T for the purpose of determining the effective tax rate. However, this is not

considered here as this paper aims to describe purely the changes laid down in the Act on Income Taxes. Based on the abovementioned, four basic model groups can be identified. The time validity of the models and the basic procedure of setting the tax liability corresponding to them are stated in Table 2.

## EMPIRICAL RESULTS

The results of the analysis are presented in the form of figures and relevant comments. Attention has been given to the step-by-step comparison of the effective tax burden and to the identification of reason for its changes.

Table 2: Basic Conceptual Models for Setting Tax Liability

Validity of the Model	Procedure of Setting the Tax Liability
From 1993 to 2004	difference between incomes and expenses forms the tax base
	tax base is reduced by nontaxable part (nontaxable parts) of the tax base
	tax duty is determined according to the tax base reduced by the nontaxable part (nontaxable parts) of the tax base in compliance with § 16 of the Act on Income Taxes (progressive tax rate)
In 2005	difference between incomes and expenses forms the tax base
	tax base is reduced by nontaxable part (nontaxable parts) of the tax base
	tax duty is determined according to the tax base reduced by the nontaxable part (nontaxable parts) of the tax base in compliance with § 16 of the Act on Income Taxes (progressive tax rate) in case of taxpayer with dependent children, tax allowance for children will be claimed
From 2006 to 2007	difference between incomes and expenses forms the tax base
	tax duty is determined based on the tax base in compliance with § 16 of the Act on Income Taxes (progressive tax rate)
	the calculated tax is reduced by tax abatement (abatements) and tax allowance for dependent children
From 2008 to 30. 09. 2009	difference between incomes and expenses forms the tax base
	tax duty is determined based on the tax base in compliance with § 16 of the Act on Income Taxes (flat-rate tax)
	the calculated tax is reduced by tax abatement (abatements) and tax allowance for children

*This table shows how tax computations have developed in the Czech Republic. Although the methods of calculating the final tax duty in the last two models are practically identical, both are presented to point out the difference in the tax conception in § 16 of the Act on Income Taxes, drafted as a flat tax rate since 2008. It would be possible to perform another division within the existing models regarding the second category of taxpayers, family with two dependent children and only one gainful spouse, namely due to the application of § 13a of the Act on Income taxes, which contained the institute of tax calculation from the joint tax base of the spouses. The author of the paper does not mention these, he merely notes that while constructing the mathematical models for the years 2005 – 2007, the application of § 13a of the Act on Income Taxes has been considered.*

### Effective Tax Rate of Single Childless Taxpayers

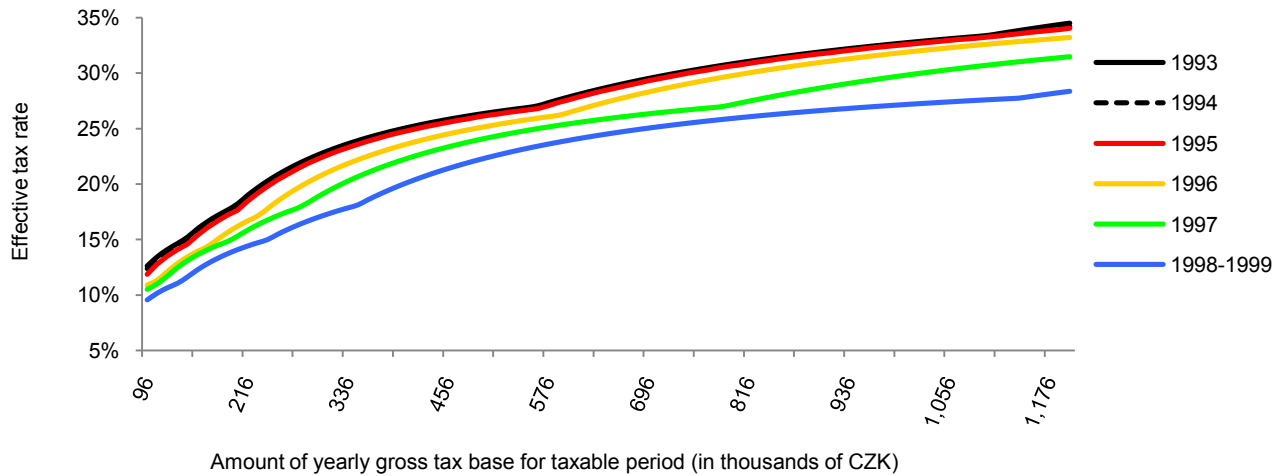
The development in taxation of natural persons for single childless taxpayers is analyzed in this section. Two time periods are analyzed: 1993 – 1999 and 1999 – 2009. The categorization considers the fact that there were no changes in the Act on Income Taxes in the magnitudes in focus during some years for the single childless taxpayer.

### Families with Two Children and only One Gainful Spouse

A range of regulations that support families with children can be traced in the Czech Republic. Among the most visible, the social benefits system is frequently the subject of discussions. However, tax concessions for children do not fall behind in significance. Tax concessions for children took the form of a nontaxable part of the tax base until 2004 and took the form of a tax allowance since 2005.

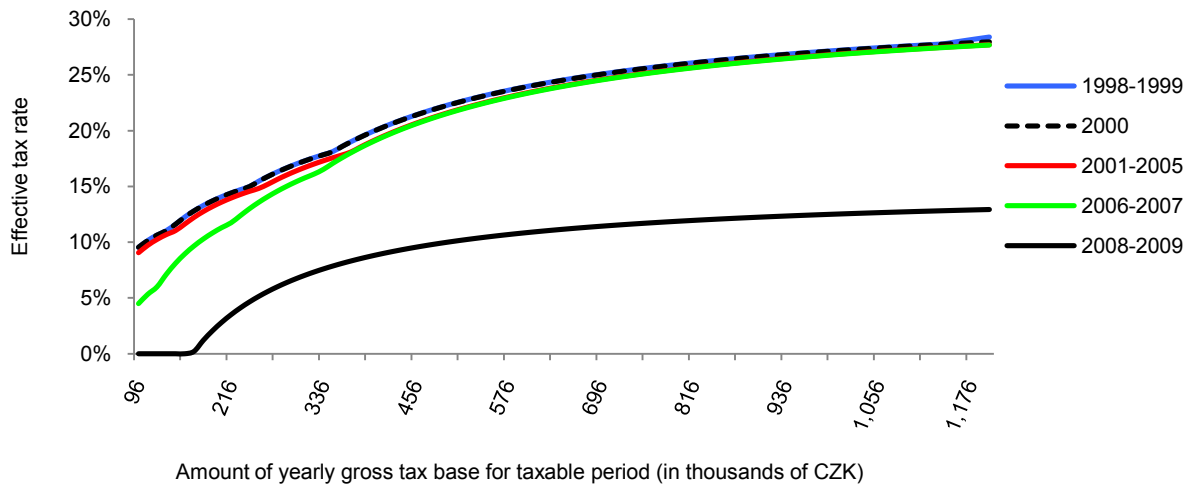
The Act on Income Taxes also offers concessions for families with spouses that are not gainfully active or achieves a minimal income level. The Act on Income Taxes allows tax calculations from the joint tax base of the spouses. This concept was advantageous in the case when one spouse was attaining high incomes,

Figure 1: Effective Tax Rate of Single Childless Taxpayers (years 1993 – 1999)



This figure shows development of tax rates from Development in the years 1993 – 1999. It shows a gradual decline of the effective tax rate in the scope of the entire yearly tax base. The effective tax rate in the years 1994 and 1995 displays an almost negligible change in comparison with the year 1993. This results from the fact that there has been only a very slight increase of the basic nontaxable part of the tax base for taxpayer in 1994 (from CZK 20,400 to CZK 21,600) while only the nominal tax rate in the highest brackets has decreased by 3%. In the years 1996, 1997 and 1998 changes in both the nominal tax rates and the nontaxable part of the tax base for taxpayer took place in favor of taxpayers.

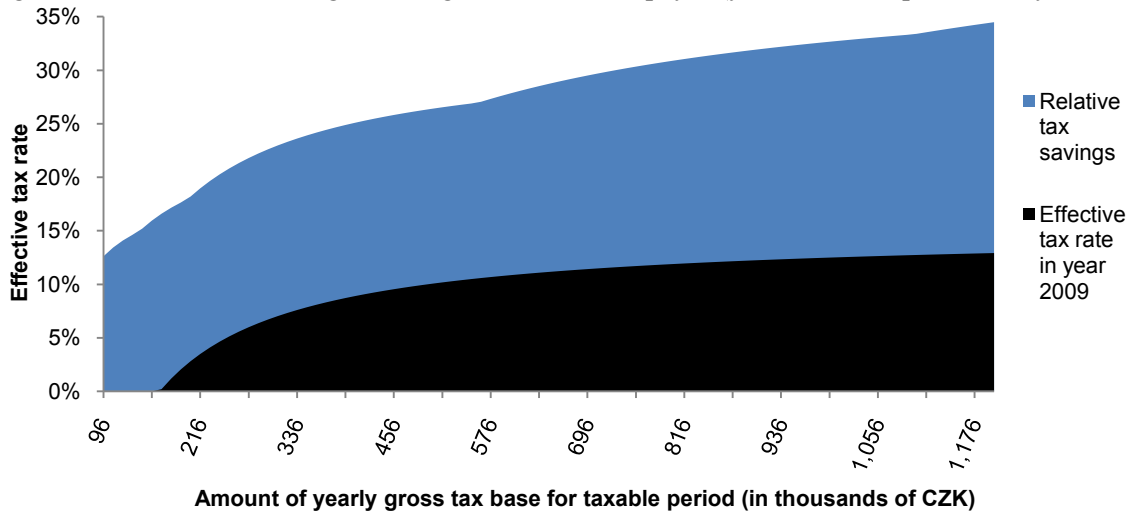
Figure 2: Effective Tax Rate of Single Childless Taxpayers (years 1999 – 2009)



This figure shows taxation development in the years 1999 – 2009. The figure shows a decrease in the effective tax rate. A radical change took place in connection with the amendment to the Act on Income Taxes of January 01, 2008. Effective 2008, the progressive tax rate was replaced by a flat tax rate amounting to 15%. The difference in the effective tax rate between the years 1999 and 2000 happens as a result of the abolishment of the 5th tax bracket with the effect from 2000, the bracket for tax base exceeding CZK 1,104,000. From 2006, apart from the changes in nominal tax rates, a transformation of some nontaxable parts of the tax base into the form of tax abatements took place. This affected the nontaxable part of the tax. Together with the decrease in nominal tax rates, this had a favorable effect on taxpayers.

while the other was attaining none. These divided tax bases were subject to lower tax rate than the original tax base. Mathematical models were calculated according to § 13a, which stipulated tax calculation from the joint tax base of the spouses.

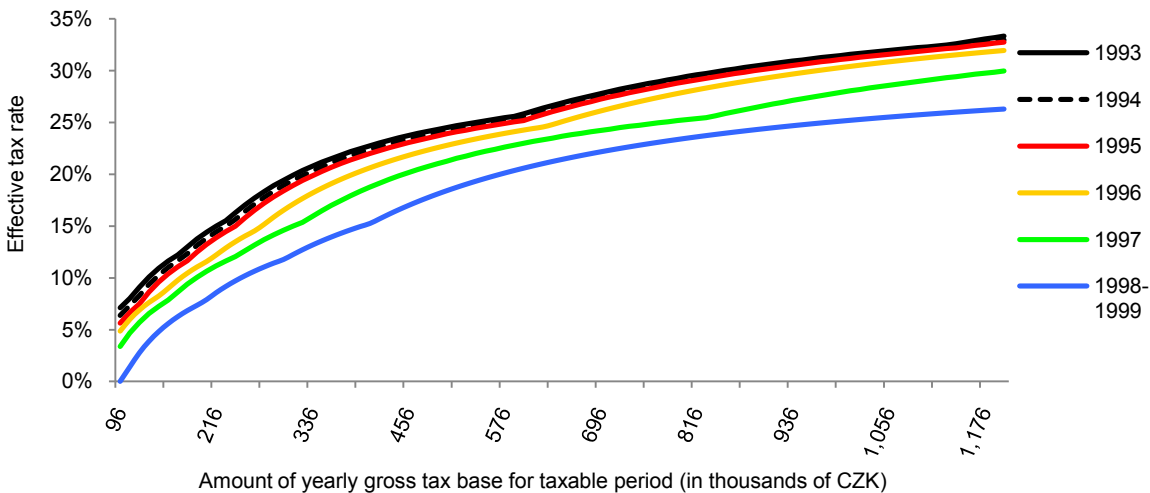
Figure 3: Relative Tax Savings for Single Childless Taxpayer (year 1993 compared with year 2009)



This figure presents the relative tax savings of a single childless taxpayer comparing the effective tax rates in 1993 and 2009. The figure shows that there was a significant decrease in the effective tax rate in the scope of the entire attained taxable income period assessed. On the other hand, the decrease was not equal for taxpayers from all income groups. Moreover, the tax base amount and the amount of the tax savings were more or less in direct proportion.

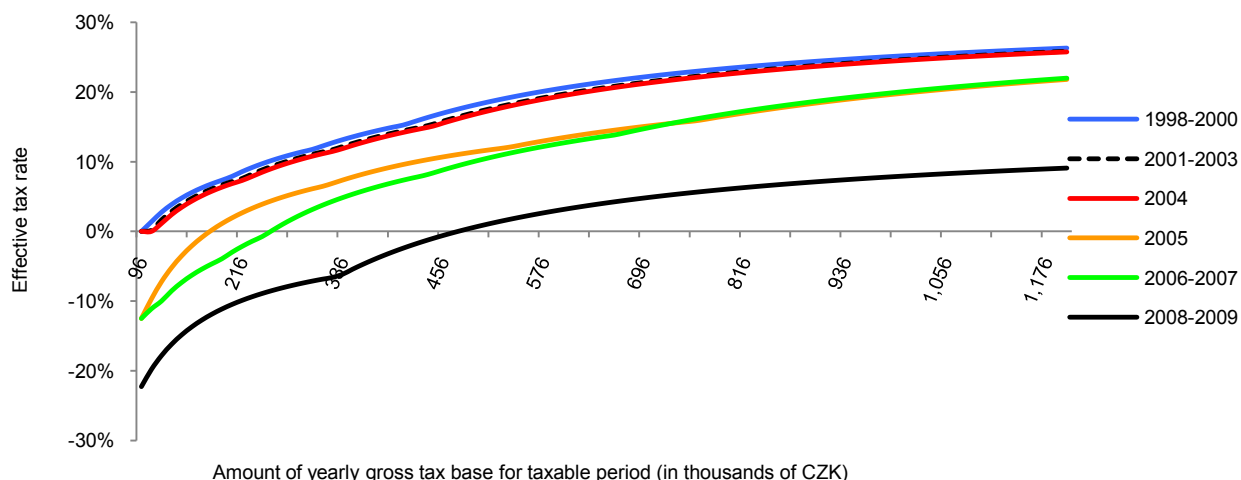
The scope of changes was larger for married than single taxpayers. More frequent changes in tax exemptions for married persons and the provision for tax calculation from the joint tax base of the spouses had a radical impact on the effective tax base. The time period has been divided into the two following periods: 1993 – 2000 and 2000 – 2009 to evaluate these changes.

Figure 4: Effective Tax Rate of Family with One Gainful Spouse and Two Children (years 1993 – 2000)



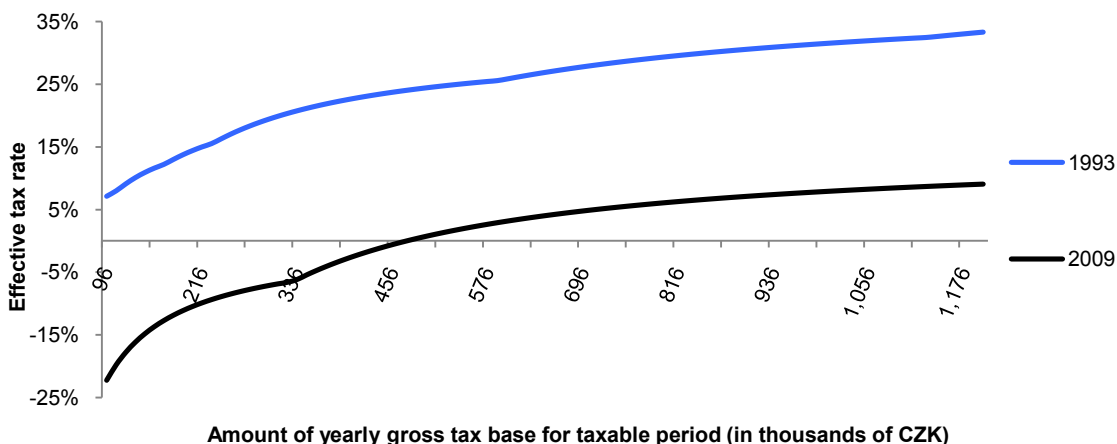
This figure shows effective tax rates for families. The figure shows a gradual decrease in the effective tax rate in the time period of 1993 – 2000. The reduction of nominal tax rates and the increase in nontaxable parts of the tax base for dependent child, from CZK 9,000 in 1993 to 21,600 in 2000, had a relatively strong impact. In the time period in focus there was an increase in the nontaxable part for spouses not attaining a certain income level, in 1993 CZK 12,000 and in 2000 CZK 19,884.

Figure 5: Effective Tax Rate of Family with One Gainful Spouse and Two Children (years 2000 – 2009)



This table shows the effective tax rates for families from 2000-2009. Relatively negligible changes in the years 2000 – 2004 involved slight changes in nominal tax rates and in the amount of nontaxable parts of the tax base. A relatively significant shift in the effective tax rate decrease originated in the changes that came into effect in 2005, 2006 and 2008. In 2005 the taxpayers were able to apply the tax calculation from the joint tax base in their tax return for the first time, furthermore the transformation of the nontaxable part of the tax base for dependent child into the tax allowance for child took place. From 2008, the tax abatement for taxpayers significantly increased. There was also an increase in the abatement for incomeless spouse, CZK 24,840 in 2008 and 2009, and CZK 7,200 in 2006 and 2007. Finally, there was a change in the tax allowance for child, CZK 10,680 for 2008 and 2009; and CZK 6,000 for 2006 and 2007. The phenomenon occurred as a result of claiming the so called tax allowance for a child (see § 35c of the Act on Income Taxes), which could take the form of tax abatement or a tax bonus, or both.

Figure 6: Relative Tax Savings for Family with One Gainful Spouse and Two Children (year 1993 compared with year 2009)



This table compares the effective tax rate in marginal years. The relatively steady decrease in the effective tax rate is noticeable. For taxation of this category of taxpayers, measurements aiming to provide support for families with children have influenced significantly the effective tax rate.

## CONCLUSION

This paper examines effective tax rates in the Czech Republic. Effective tax rates showed gradual a decrease for both single and married taxpayers. However, in case of single childless taxpayers, the decrease has not been steady. The amount of the tax reduction is in direct proportion with the amount of the tax base. The decrease during the period can be deemed significant. For families, where only one spouse attains taxable income, the trend of gradual decrease is also apparent and significant. However, examining the years 1993 and 2009, the effective tax rate decrease is relatively steady.



It remains uncertain to what extent the changes occur as a reaction to competition pressure. Owens (1993, p. 31) states that competitive considerations have not had a great influence on governments in determining their personal income tax schedule. This convergence is connected with political fashions which may be related to competitive pressures. In connection with the income taxation of natural persons, Pechman (1990, p. 1) points out the decreasing tax progressivity. These conclusions partially overlap with those presented by Lee and McKenzie (1989, p. 79), who point out the trend of marginal tax rate reductions and tax base broadening. On the basis of results presented in this paper trends are apparent in the Czech natural person tax law. The trend of tax base broadening is mainly in relation to changes effective January 01, 2008. The significant decrease in the effective tax rate in 2008 has been compensated for by tax base broadening.

The results presented in the paper must be interpreted with limitations. The paper deals with one obligatory payment of taxpayers affecting their disposable income. However, the Czech Republic comes under the States of the European Union with relatively high amounts of social and health insurance premiums which affect the total burden. In consequence of this fact it would be useful and suitable to include social and health insurance premiums in a follow-up analysis. Due to the complexity of the tax system, mathematical models were developed on a number of simplifications. Among the most important is a disregard of so called minimal tax base for the years 2004 – 2007. Nevertheless, this provision set a number of conditions and exemptions for the application of the minimal tax base so that its disregard could be assessed as acceptable. Future research might incorporate additional provisions of the tax law.

The paper deals only with one type of incomes of natural persons, namely with incomes from enterprise and from other independently gainful activities. From this point of view, it would be useful to compare effective tax rates of this category of incomes with effective tax rates of the incomes from employment. Future research could also examine a number of contextual matters. It would be interesting to assess the changes in effective tax rate and changes in Act on Income Taxes in relation to changes in political representations.

## APPENDIX

Appendix 1: Development in the amount of basic nontaxable parts of the tax base, tax abatements and child tax allowance [in CZK]

Nontaxable part of the tax base	Year						
	1993	1994	1995	1996	1997	1998	1999
For taxpayer	20,400	21,600	24,000	26,400	28,800	34,920	34,920
For dependent child	9,000	10,800	12,000	13,200	14,400	21,600	21,600
For incomeless spouse	12,000	12,000	12,000	12,000	16,800	19,884	19,884

Nontaxable part of the tax base	Year					
	2000	2001	2002	2003	2004	2005
For taxpayer	34,920	38,040	38,040	38,040	38,040	38,040
For dependent child	21,600	23,520	23,520	23,520	25,560	-
For incomeless spouse	19,884	21,720	21,720	21,720	21,720	21,720

Abatements for taxpayer (§ 35ba of the Act on Income Taxes) and tax allowance (§ 35c of the Act on Income Taxes)	Year				
	2005	2006	2007	2008	2009
For taxpayer	-	7,200	7,200	24,840	24,840
For incomeless spouse	-	4,200	4,200	24,840	24,840
Tax allowance for 1 child	6,000	6,000	6,000	10,680	10,680

## Appendix 2: Nominal Tax Rates for Income Taxes of Natural Persons in the Czech Republic Since 1993

## Year 1993

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	60,000		15%	
60,000	120,000	9,000 +	20%	60,000
120,000	180,000	21,000 +	25%	120,000
180,000	540,000	36,000 +	32%	180,000
540,000	1 080,000	151,200 +	40%	540,000
1.080,000		367,200 +	47%	1.080,000

## Year 1994

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	60,000		15%	
60,000	120,000	9,000 +	20%	60,000
120,000	180,000	21,000 +	25%	120,000
180,000	540,000	36,000 +	32%	180,000
540,000	1 080,000	151,200 +	40%	540,000
1.080,000		367,200 +	44%	1.080,000

## Year 1995

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	60,000		15%	
60,000	120,000	9,000 +	20%	60,000
120,000	180,000	21,000 +	25%	120,000
180,000	540,000	36,000 +	32%	180,000
540,000	1.080,000	151,200 +	40%	540,000
1.080,000		367,200 +	43%	1.080,000

## Year 1996

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	84,000		15%	
84,000	144,000	12,600 +	20%	84,000
144,000	204,000	24,600 +	25%	144,000
204,000	564,000	39,600 +	32%	204,000
564,000		154,800 +	40%	564,000

## Year 1997

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	84,000		15%	
84,000	168,000	12,600 +	20%	84,000
168,000	252,000	29,400 +	25%	168,000
252,000	756,000	50,400 +	32%	252,000
756,000		211,680 +	40%	756,000

## Years 1998 and 1999

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	102,000		15%	
102,000	204,000	15,300 +	20%	102,000
204,000	312,000	35,700 +	25%	204,000
312,000	1.104,000	62,700 +	32%	312,000
1.104,000		316,140 +	40%	1.104,000

## Year 2000

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	102,000		15%	
102,000	204,000	15,300 +	20%	102,000
204,000	312,000	35,700 +	25%	204,000
312,000		62,700 +	32%	312,000

## Years 2001 - 2005

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	109,200		15%	
109,200	218,400	16,380 +	20%	109,200
218,400	331,200	38,220 +	25%	218,400
331,200		66,420 +	32%	331,200

## Years 2006 and 2007

Tax base		Tax		
from	to	fix amount	tax rate	for a base over
	121,200		12%	
121,200	218,400	14,544 +	19%	121,200
218,400	331,200	33,012 +	25%	218,400
331,200		61,212 +	32%	331,200

## Years 2008 and 2009

Flat tax rate				
15%				

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## **ACKNOWLEDGEMENT**

Having come into being with the financial support of GA ČR (Czech Science Foundation), this paper represents a partial output of the current project No. 402/09/P469 - *Development and Competitiveness of the Czech Tax System in the Area of Taxation of Natural Persons Incomes*.

Author is very thankful to the reviewers who contributed by their comments and recommendations to the improvement of the text of the paper.

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