

# Administrative Surcharges: Instruments of Cooperative Tax Compliance Regimes?

EATLP 2015, Milan

Lukas Moravec

Czech University of Life Sciences Prague

[moravec@pef.czu.cz](mailto:moravec@pef.czu.cz)

# One of tax theories says ...

- Factors of (de)motivation to realize tax frauds
  - Financial sanctions amount (CZ approx. 25% p.a.)
  - Probability of fraud detection (CZ up to 40%)
  - Personality of the tax-payer
    - That is the question.

# Personality of tax payers and tax administration approaches declared



# What is the target?

- VAT tax gap: EUR 3 billion est. in CZ
- Individual income tax gap: EUR 0.5 billion est. in CZ
- Corporate income tax gap: EUR 0.5 billion est. in CZ

# Additional problem of motivation

- Taxpayers are not motivated to pay taxes if revenues collected are wasted
- Taxpayers are not informed about the utilization of taxes collected
  - valid for CIT, IIT potentially
  - irrelevant for professional VAT frauds

# Potential effectiveness of sanctions

- CIT: Yes
- IIT: Yes
- VAT: VAT frauds turned into the „business“ realized by the group of „taxpayers“ inert to sanctions

# Sanction vs Tax

- Tax must not be a sanction (Czech Supreme Administrative Court)
- Can be sanctions considered to be taxes?
  - The state should not accept the tax frauds as a source of its income and get paid for such an approach.

# Solution?

- Multiple approach
  - High sanctions vs help to pay taxes based on the taxpayers approach might be the right way - including the instrument of tax amnesty?
  - PR of collected taxes utilization
  - Tax assignation as a motivation factor?