

Expenditure on retirement benefits by the Ministry of Defense in 2016 amounted to 9,2 % and the retirement payments accounted for 5,35 % of total MOD budget. Together, they accounted for 14,55 % of total budget of the MOD.

Compared with the V4 countries in Slovakia and Hungary, the Czech social security of military persons is at a higher level. The research of the satisfaction of soldiers from the ACR's profession by means of a questionnaire survey showed that, for example, 86,3 % of the statistical sample of 230 respondents was social security significant motivation for entering the military service.

The methodology for calculating benefits has been developed to reduce or increase benefits in line with the state's strategic interests and financial possibilities. There is currently no need to make major changes to the system. It is possible and financially feasible to adjust the dose in case of a soldier's death. Both in terms of material and procedural. I propose: a) to simplify the process of granting a benefit in the event of the death of a soldier, b) to improve the decisions making process of the budget planning according to strategical interest of state in the case of the deteriorating security environment.

In view of the current political, economic and social situation, should lead to an increase of motivation and stabilization potential of the social security system of the soldiers of the Armed Forces of the Czech Republic. This system could be used in the future to improve the quality of military staff. It guarantees an effective and an efficient budget spending.

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NEW MECHANISMS OF THE VAT LAW

НОВЫЕ МЕХАНИЗМЫ ЗАКОНОДАТЕЛЬСТВА О НАЛОГЕ НА ДОБАВЛЕННУЮ СТОИМОСТЬ

The paper focuses on the problematic aspects of the new mechanisms of the value-added tax (VAT) Law, in particular the mechanism of the transfer of tax liability.

VAT is an indirect tax with a broad base and a high degree of neutrality that is fully harmonized across the EU. The new rules, changes and regulation for VAT are set at EU level and require the approval of all Member States. The paper describes and analyzes new mechanisms in relation to the collection of VAT revenues into the budget of the Czech Republic. New law measures seek to reduce tax evasion in the area of VAT, the reverse charge mechanism focuses mainly on carousel fraud.

Keywords: reverse charge; vat gap.

В статье рассматриваются проблемные аспекты новых механизмов законодательства о налоге на добавленную стоимость (НДС), в частности механизма передачи налогового обязательства. НДС — это косвенный налог с широкой базой и высокой степенью нейтральности, который полностью гармонизирован по всему ЕС. Новые правила, изменения и регулирование НДС установлены на уровне ЕС и требуют одобрения всех государств-членов. В статье описаны и проанализированы новые механизмы сбора поступлений НДС в бюджет Чешской Республики. Новые законодательные меры направлены на снижение уклонения от уплаты налогов в сфере НДС, механизм обратного начисления ориентирован в основном на мошенничество с каруселями.

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Introduction

VAT revenues in the Czech Republic are among the most important, and also the most stable revenues of the state budget. VAT with its construction has a comprehensive impact on all households in the Czech Republic, so this tax is often used also to achieve the government's political redistribution goals. The evolution of VAT receipts is influenced by macroeconomic developments, changes in tax rates and the efficiency of tax collection.

In the EU-28 (EU) is the VAT the basic pillar of taxation. The Harmonized System, which was introduced in 1977 as a transitional system (in the Czech Republic since 1993), still works. In practice, this means that VAT is managed by 28 different EU tax administrations, with the flexibility of Member States in the choice of VAT regulated by EU legislation. The objective of EU tax policy is to achieve a simpler and more efficient VAT system to avoid carousel VAT fraud, as the EU estimates that this type of fraud has cost the member states up to 100bn per annum. In the single EU internal market without customs frontiers, VAT evolves widely. The European Commission's «Final Report VAT GAP 2016» estimates that VAT tax evasion costs EU Member States' national budgets billions of euros per year. Tax evasion thus increases the VAT GAP, casts doubt on the principle of fair taxation and prevents fair competition between businesses. Therefore, one of the main priorities of the tax policy of the EU Commission (the Commission) is the implementation of instruments to reduce VAT evasion in the VAT Act of individual Member States. Consequen-

ces of carousel fraud can cause fluctuations in commodity prices, uncalled VAT can cause lower government investment, jeopardize macroeconomic stability and economic policy. New procedures introduced in the VAT Act are designed to reduce the risk of tax evasion and unjustified tax benefits.

Basic theoretical and practical points

The Tax Administration of individual taxes in the Czech tax system is implemented through the legal measures adopted, which, in the case of VAT, should increase the efficiency of the tax collection. In current practice, besides the reverse charge (RCH), there are also other parallel VAT law institutes such as disclosure of bank accounts, the «unreliable payer», guaranty for unpaid tax, the hedging command, the control reporting. The general issue is regulated by the VAT Act (No. 235/2004 Coll.), in line with the provisions of Council Directive 2006/112 /EC on the Common System of Value Added Tax.

Reverse taxation is the procedure whereby services are not taxed by their supplier or provider (which is customary) but by their buyer or receiver. This allows the customer or the recipient to tax the service in their state instead of the complex exercise of the right to deduct in the state of the supplier or service provider. This allows the customer or the recipient to tax the service in their state instead of the complex exercise of the right to deduct in the state of the supplier or service provider. The reverse charge (RCH) mechanism is a specific VAT Act (§ 92a — § 92i) in the Czech Republic, the reverse charge mechanism was introduced in 2006 for gold trading and its expansion is still ongoing. The law divides the use of the reverse charge mechanism to permanent and temporary, which concerns in Particular delivery of goods or provision of services.

Within the framework of mechanisms' RCH for selected supplies of goods and services, including other conditions, the supplier, but the recipient, is not obliged to pay VAT to the Czech tax authority. Contrary to the normal VAT enforcement mechanism, under RCH, the obligation to recognize and pay output tax is transferred to the recipient of the transaction. In general, the customer's VAT liability applies only if the beneficiary is an entrepreneur. Some taxable transactions also apply to recipients who are legal entities.

The reverse-charge is applied if the total tax base of all delivered selected goods exceeds CZK 100,000. In the case of taxable transactions subject to the RCH, the following applies:

- The supplier issues a «classical» tax document indicating that, in accordance with Section 92a of VAT Act. The VAT is a transfer of tax liability and therefore the customer of goods or services has a duty to pay VAT).
- The customer calculates for this taxable amount the correct amount of VAT he/she will enter in the VAT records and then pays that amount. At the same time, this customer also has the right to deduct the amount of VAT paid.

From the beginning of 2015, the RCH is distinguished as permanent and temporary. The permanent RCH mechanism has no time limit. Tempo-

rary use includes goods which, under Government Decree No 361/2014 Sb, are subject to reverse charge for a limited Period of time. For example in 2014 Central Europe, tax fraudsters focused on sugar fraud. They declared sugar exports to another EU Member State, but they did not physically take place and the sugar did not leave the country of the seller. The supplier has reported to the financial administration the supply of sugar to another EU Member State and has applied for the VAT deduction in the VAT return. The fraudulently deducted VAT has caused sugar to be sold on the domestic market at a lower market price than the usual price. Buyers bought cheaper, but the state lost Revenue on VAT. As a result, at the beginning of September 2015, beet sugar was temporarily included in the reverse charge.

3 Discussions and conclusions

The standardly reverse charge works on the principle of taxation in the country of consumption, applies the principle of VAT deduction and excludes double taxation. In order, to reduce evasions to the VAT, the Czech Republic requested the Commission to grant a temporary exemption to a pilot project to introduce a so-called general reverse charge in order to apply it to all domestic taxable transactions excess of EUR 10,000. Domestic general the RCH would operate under defined conditions on taxable transactions carried out between payers within the chain of business who would invoice the prices without VAT. The price inclusive of VAT would be invoiced only by the last Payer in the chain supplying the goods or service to the final consumer. The last Payer in the distribution chain would deduct all VAT from all payers for all taxable transactions. VAT would be taken at the end of the chain only once and would not be paid within the chain.

The advantage of general RCH would be that carousel scams have been eliminated. If a national general reverse charge was introduced in the Czech Republic and another EU Member State, it would not be possible for the recipient of cross-border VAT to pay VAT because it would not invoice any output VAT.

The disadvantage is the risk that if the last Payer in the retail chain does not pay VAT, the state budget loses VAT on the entire distribution chain. It is also a direct impact on the state budget cash flow. The cash flow of VAT should be the same as in the standard scheme, but due to another method of paying the tax, the state will lose the benefit of the periodicity of the ongoing implementation of the budget. Another problem is retail sales because, in providing basic goods and services to payers and non-payers, the reverse charge would not work in its basic form. The system would have to be modified, which would bring about the accompanying burdens and costs on the part of the tax administrator as well as the payers. A possible solution for retail could be that goods and services would include a price including VAT, regardless of whether the buyer is a non-payer or a VAT payer. VAT payers should be able to refund the VAT paid.

The original domestic RCH were rejected by the Commission, but in December 2016 the Commission adopted a proposal for a temporary general

RCH for over 10,000, subject to the condition. The Member State asks the Commission for implementing decisions on the introduction of the general RCH. The condition of approval is that the VAT GAP of the applicant is at least EU median plus 5 percentage points, and carousel fraud by the state accounts for at least 25 % of total VAT fraud. At the same time, the applicant must show that no conventional measures can effectively combat VAT evasion. Subsequently, the Commission will review the application and decide on the issue of the authorization.

Paradoxically, the condition for applicants for the implementation of the General RCH set by the Commission may exclude the Czech Republic from the list of applicants. According to EU statistics, the median is 10.4 %, so the minimum VAT GAP of the state for a request for general reverse charge is 15.4 %. The Czech VAT GAP is currently 16.14 %, although according to the Commission's statistics, the VAT collection in the Czech Republic is still improving in the international comparison. In September 2017, a VAT GAP is expected to show whether VAT has improved.

The question is whether the implementation of the domestic general RCH will meet the expectations of the Tax Administration. Maybe new types of VAT fraud arise, who knows? Probably there will always exist taxpayers circumventing tax law, seeking an unjustified tax benefits and has profiting from VAT.

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РЕФОРМИРОВАНИЕ ПЕНСИОННОЙ СИСТЕМЫ РЕСПУБЛИКИ БЕЛАРУСЬ

Пенсионная система Республики Беларусь, как известно, является распределительной. Пенсии выплачиваются, в основном, за счет отчислений в ФСЗН работодателей в размере 28 % от фонда заработной платы и работников в размере 1 % от начисленной заработной платы. Эти отчисления тут же перераспределяются в пользу пенсионеров. Возникает вопрос: как бы отличались пенсии работающих граждан в старости, ес-