

European Polytechnic Institute, Ltd., Kunovice

Field of Study: Finance and Taxation

**Analysis of the Economic Impact of
Companies Moving Target PUMPS, Ltd. in
the United Kingdom of Great Britain and
Northern Ireland**

(Bachelor Thesis)



I. soukromá vysoká škola na Moravě
Evropský polytechnický institut, s.r.o.
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ZADÁNÍ BAKALÁŘSKÉ PRÁCE

Jméno a příjmení: **Lenka SUCHÁNKOVÁ**
Studijní obor: **Finance a daně**

Téma práce:

**Analýza ekonomických dopadů přesunu sídla společnosti
TARGET PUMPS, s.r.o. na území Spojeného království Velké
Británie a Severního Irska**

Cíl bakalářské práce:

Cílem bakalářské práce je Analýza ekonomických dopadů přesunu sídla společnosti TARGET PUMPS, s.r.o. na území Spojeného království Velké Británie a Severního Irska. Zpracujte analýzu současného stavu daňového a administrativního zatížení v České republice. Vyhodnoťte varianty přesunu sídla společnosti TARGET PUMPS, s.r.o. a vypracujte analýzu ekonomických dopadů přesunu sídla společnosti TARGET PUMPS, s.r.o. na území Spojeného království Velké Británie a Severního Irska. Práci obhajte před vedením firmy TARGET PUMPS, s.r.o. Hodnocení bude součástí bakalářské práce.

Osnova:


Úvod

1. Cíle práce a metody použití
2. Teoretická východiska
3. Charakteristika a analýza současného stavu daňového a administrativního prostředí obou států EU
4. Vyhodnocení analýzy a doporučení varianty řešení
5. Hodnocení přínosu pro firmu TARGET PUMPS, s.r.o.

Závěr

Podle zákona č. 111/1998 Sb., § 47b, odst.3 platí, že odevzdáním práce autor souhlasí se zveřejněním své práce podle tohoto zákona, bez ohledu na výsledek obhajoby.

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I confirm that I am the sole author of this work under the supervision of Ing. Joseph Čadek
Jiří Lunga and all sources are listed in the bibliography.

Kunovice, December 2009

/ Handwritten signature of the author /

I would like to thank Ing. Josef Čadek for the very useful methodological help he provided me with during the elaboration of my Thesis.

Kunovice, December 2009

Lenka Suchankova

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Home

Open letter to U.S. President

May 31, 2001

The Honorable George W. *Bush*, President The United States of *America*;
1600 Pennsylvania Avenue, *NW*, Washington, DC 20500

Dear President Bush,

We, the undersigned Economists, URGE you to reject the Organization for Economic Cooperation and Development's So-Called "Harmful Tax Competition" initiative. According to the OECD, it is unfair for low-tax Countries that ATTRACT Jobs, Capital and Entrepreneurial talent away from high-tax Countries. To stop this process, the Paris-Based Bureaucracy is threatening low-tax nations with financial protectionism unless They Change Their tax and privacy laws with That high-tax nations CAN More Easily double-tax income That is saved and invested --- Even When That income is Earned in Other Nations.

This is a Completely misguided initiative. Tax competition is a liberalizing force in the World Economy, Something That Should Be Rather Than celebrated persecuted. It forces Governments To Be More Responsible fiscally ruse They drive economic activity to lower-tax environments. Other Reasons for Our Opposition include:

* The OECD seeks to create a Cartel --- Tax Benefit Consumers and the economy is more Efficient When gas stations, banks, pet stores, car companies and comp. The Same thing is true for government. Competition promotes efficiency and encourages lawmakers to rationalize public finances.

* The OECD is threatening global commerce --- Protectionism is a bad idea, and it is a really bad idea When The goal is to interfere with international capital flows. The OECD Effort is akin to a high-tax state like California, trying to block an investment dollars from flowing to a low-tax state like Nevada.

* The OECD Proposal Will Boost the Underground Economy --- Instead of propping up uncompetitive tax systems, tax competition criminalizing Will taxpayers simply drive into the informal economy. A Low Tax Burden, by contrast, Will Reduce Incentives to hide, shelter, and under-report income.

* The OECD is defending bad tax policy --- In order to minimize tax-induced distortions, the tax code should subsidize Neither nor penalized Different Activities. Yet the OECD initiative is driven by a desire to help high-tax nations double-tax income That is saved and invested.

* Will Hurt The OECD growth in less-developed nations --- Penalizing Countries for adopting market-friendly tax systems Will Hinder Economic Reform and Reduce Growth Rates in the Developing World. This May Cause Even More Crime December Employment Opportunities for honest Will shrink.

Mr. President, we ask again That You Stop the OECD's ill-conceived project. As the world's largest economy and the single largest Contributor to the OECD's budget, the United States Has the ability to pull the plug on this Unwise Proposal.

Sincerely,

Milton Friedman, Nobel Laureate, Hoover Institute

(Letter signed by a total of several hundred prominent personalities in the field of economics)¹

¹ *The Panama news* [online]. 2001 [cit. 2009-12-27]. Dostupný z WWW: <http://www.thepanamanews.com/pn/v_07/issue_11/letters_01.html>

As is evident from the letter, prominent personalities in the field of economics have appealed to U.S. President (at the time the letter was written by President George W. Bush) to refuse the OECD effort to limit so-called harmful tax competition. OECD says it is unfair to the country attracted foreign capital, prosperous businessmen and companies from countries with high tax burdens on low tax burden on its low-tax country^{second}

Unfortunately, we must conclude that both the OECD and the EU begins to put great pressure on the low-tax countries to change their legislation within the meaning of transparency and some kind of regulation of offshore services. In this context, introduced stricter rules on financial services and offshore banking. In some countries, banned bearer shares. A current example is the CR, which is preparing to incorporate that prohibition into their legislation.

Pressure on low-tax countries² have increased after the terrorist attacks of 11 September. Arguments have been suggestions that the money funding these attacks have gone from accounts held by offshore banks located in these countries. The countries in this regard, amended and extended its legislation so as to allow transmission of information in the field of cooperation against terrorists and money laundering.

International tax optimization is still seen as something inappropriate, balancujícího on the edge of the law. Taking the so-called tax optimization is to be understood as a tax planning tool rather than as tax evasion.

Important figures in the field of economics, as mentioned in the letter of the opinion that due to the low-tax countries, there is competition for the various economic systems of developed countries. Forcing advanced countries to reduce the enormous tax burden.

Virtually every organization developing economic activity in order to achieve, maintain and ensure the income is interested in maintaining as much of their income for themselves. It is important that these revenues be used as a reinvestment in its business to its own expansion, improvement of market position, or other activities. The important thing is how much of this income tax burden for him to stay. As we stated above, thanks to proper tax planning, balance of income after taxes adjusted.

² Low-tax countries - countries with low tax burdens such as the Isle of Man, Cyprus, Netherlands Antilles, etc.

1 Objectives of work and method of use

In my thesis I will examine and compare the tax administrative burden on legal entities in the Republic and the United Kingdom of Great Britain and Northern Ireland (the UK) in terms of taxes on corporate income.

The aim of the work should be the answer to the question whether the transfer of domicile to the UK will have an impact on reducing the administrative and tax burdens on companies.

Section 2 is devoted to the analysis of the regulatory environment and PEST analysis of the two countries, notably an overview of national legislation in force in the corporate tax, applicable treaties for the avoidance of double taxation between the Republic and the UK and employment legislation. In Section 3 compares the tax and administrative burden on both countries to conclude the work should be the answer to the question whether the transfer of the headquarters of Target PUMPS, Ltd. from the Republic in the UK these lower tax burden on society.

2 Theoretical background

2.1 Overview of current legislation in general

It is an analysis of the current state of legislation in both the EU and international laws governing taxation in force on 31.12.2009.

In the Czech Republic, laws are constructed in a sequence showing the application of the legal force of law. For corporate income people are on the imaginary ladder ranked as follows:

1. European Community law (known as Community law)^{3 3} and an agreement on avoidance of double taxation.
2. Act No. 586/1992 Coll. On income taxes.
3. Instructions D - issued by the Ministry of Finance, are part of legislation, but a prediction of how the Ministry of Finance looks at some of the legislation. They are presented here because they have already become part of the practice and are widely used.

2.1.1 Overview of current legislation in the Republic in the field of direct taxation

Overview of current legislation does not appear in the full list, contain only provisions relating to the theme of the work specified. Complete list of laws, guidelines and communication can be found on the Ministry of Finance ⁴

Agreement on avoidance of double taxation

between CR and VB with respect to taxes on income, respectively. Income and wealth No. 89/1992 Coll. .

In terms of taxes on corporate income is a provision in Republic Act No. 586/1992 Coll. Income Tax (hereinafter referred to as ITA).

³ European Community law (EU, EC) consists of the directives, regulations, decisions taken on the basis of treaties and other sources of law create a de EU primary law and the EC. Source: *Business.center* [online]. [cit. 2009-12-27]. Dostupné z WWW: <<http://business.center.cz/business/pojmy/p501-komunitarni-pravo.aspx>>

⁴ *Česká daňová správa* [online]. [cit. 2009-12-27]. Dostupné z WWW: <<http://cds.mfcr.cz/cps/rde/xchg/cds/xsl/legislativa.html?year=0>>

The D line instructions issued by the Ministry of Finance can be observed as D-286 to the taxation of income tax non-residents from sources in the CR.

Instruction D-300 to a consistent approach in applying certain provisions of Act No. 586/1992 Coll. ITA, as amended.

Measure No. MF 05/13 797/2008-152 to remove hardness according to § 39 point. b) Act No. 586/1992 Coll. on income taxes.

[Notice č.191/2004 Act no.](#) published in the Financial Bulletin (hereafter FZ) No 11/2004 on international assistance for the recovery of financial claims

[Instruction D-258](#) published in the FZ No. 1 / 2004 to implement international standards on taxation of transactions between associated enterprises - the transfer price.

[Instruction D-235](#), published in the FZ No. 5-6/2002 nature of communication on the issue of payments related to the development of electronic commerce, in connection with the implementation of agreements on avoidance of double taxation

2.1.2 Overview of current legislation in Great Britain in the field of direct taxation (Corporate Income Tax) ⁵

Income Tax Act 2007, this act made the following regulations:

1. ITEP 2003 (relates to payroll taxes, pension payments and social insurance)
2. ITTOIA 2005 (concerning the taxation of investment income, corporate taxes, property taxes and certain other income)
3. The Act - the law (which includes other major provisions of the Income Tax)
4. Other regulations, which in itself also contain provisions on income tax elsewhere: see in particular
 - a) Part 18 of ICTA (double taxation)
 - b) CAA 2001 (capital allowances for expenditure)
 - c) Part 4 FA 2004 (pension etc.)
5. Annex 1 to the interpretation of the Act 1978 (c. 30) defines "Income Tax Act (the Income Tax

⁵ *European archive, national archive government United Kingdom* [online]. 2009 [cit. 2009-12-30]. Dostupný z WWW: http://webarchive.nationalarchives.gov.uk/20100407044241/opsi.gov.uk/acts/acts2007/pdf/ukpga_20070003_en.pdf

Acts)" as well as all provisions relating to income tax

United Kingdom are among those EU countries that have lower tax burden compared with the average across the euro area. The main advantages of the system include various tax breaks and low payments to health and social insurance employers.

A company registered in the UK are taxed at their worldwide income. I work here of the double taxation. Tax paid by UK resident in the country of income is deductible from the tax base in the UK.

Great Britain, unlike the CR fiscal tax year 2008/2009, which begins July 1, 2008 and ending June 30, 2009. The CR is defined by fiscal year from 1.1.2009 to 31.12.2009. There is a possibility of getting closer to the fiscal tax year for companies in the country, it made a request to the competent local tax office for the transition year. In our case, this request had been made in 2008 and no later than three months before that date (31.12.2008). The taxation period is defined in Act No. 586/1992 on Income Tax in § 17a.

2.1.3 Taxation of legal persons in the CR

The definition of tax-payers of income tax can be found in Act No. 586/1992 on income tax in § 17

In § 18 of Law No. 586/1992 Coll. is given subject to tax:

are subject to tax incomes (revenues) from all activities and management of all property (hereinafter referred to as "revenue"); If not stated otherwise.⁶

The base bottom is defined in § 20, § 20a, § 20b and the common provisions of Law No. 586/1992 in § 23, § 23a, § 23b § 23c, § 23d

. The rate of tax on corporate income can be found in § 21 and 2009 is set at 20% of the tax base.

⁶ Česko. Zákon č.586 ze dne 20.listopadu 1992 o daních z příjmů ve znění pozdějších předpisů. In *Sbírka zákonů, Česká republika*. 1992, částka 117, s. 3473-3491. Dostupní také z WWW:
< http://portal.gov.cz/wps/portal/_s.155/701?number1=586%2F1992&number2=&name=&text=>

2.1.4 Taxation of legal persons in Great Britain (Corporation Tax)

Definition of income taxes of legal persons in Great Britain:

Tax on corporate income tax on the taxable income of limited liability companies and other organizations, including clubs, societies, associations and other entities unincorporated.

The subject of taxes on corporate profits in the UK:

Revenue gains are taxable corporate income which include:

a) gains from taxable income such as profits from trading and investment

capital (excluding income from dividends that are taxed differently)

b) Capital gains - known as 'taxable profit' for tax purposes of income tax.

In the case of a company or organization is based in the UK will have to pay tax on all their worldwide taxable income.

If your company is based in the UK, but operates in the UK - for example through an office or a branch (known as HMRC's 'permanent establishment') - will be subject to tax only the profits accruing to the territory of Great Britain.

The rate of tax on corporate profits in the UK⁷

Tax rate	Annual profit
21%	to 300.000 GBP
29.75%	300,000 to £ 1,500,000
28%	over £ 1,500,000
20%	For an investment company
50%	For companies extracting oil and natural gas from North Sea

Table 1

Source: *BusinessInfo* [online]. 2009 [cit. 2009-12-27]. Dostupný z WWW: <http://www.businessinfo.cz/cz/sti/velka-britanie-financni-a-danovy-sektor/5/1000687/#sec5>

⁷*BusinessInfo* [online]. 2009 [cit. 2009-12-27]. Dostupný z WWW: <http://www.businessinfo.cz/cz/sti/velka-britanie-financni-a-danovy-sektor/5/1000687/#sec5>

2.2 Minimum wage, health and social insurance

The minimum wage in the country

The CR provides for guaranteed minimum wage of Government Regulation No. 567/2006 Coll. .

The minimum wage in Great Britain⁸

The national minimum wage was implemented in several phases. Relevant legal instruments can be seen below:

The National Minimum Wage Act 1998

The National Minimum Wage Act 1998 (Amendment) Regulations 1999

The National Minimum Wage Regulations 1999

The National Minimum Wage Act 1999 (Amendment) Regulations 2000

The National Minimum Wage (Offshore Employment) Order 1999

The National Minimum Wage Regulations 1999 (Amendment) Regulations 2001

The National Minimum Wage Regulations 1999 (Amendment) (No.2) Regulations 2001

The National Minimum Wage Regulations 1999 (Amendment) Regulations 2002

The National Minimum Wage (Enforcement Notices) Act 2003

Health Insurance in the Republic

Health insurance is regulated by Act No. 592/1992 Coll. Premiums for universal health insurance.

⁸ *European archive, national archive government United Kingdom* [online]. 2009 [cit. 2009-12-27]. Dostupný z WWW:

<<http://webarchive.nationalarchives.gov.uk/+/http://berr.gov.uk/whatwedo/employment/pay/national-minimum-wage/Statutory-Instruments/page18564.html>>

Health Insurance in Great Britain

In the Great Britain's health insurance by regulations, a White Paper and Health Act of 1999.

Social insurance in the Republic

Social insurance is regulated by three laws: Law No. 100/1988 Coll. On social

Security, Act No. 582/1991 Coll. On the organization and implementation of the Social Insurance Act No. 589/1992 Coll., On Social Security and state employment policy.

Social Insurance in Great Britain

Adapted from the National Insurance Act of 1911 and extended by the government of Clement Attlee's document of 1946.

2.3 Environment Analysis PEST

It analyzes the factors that may affect the political, social, economic and technological business and community development.

Political influences

- Stable government
- International embargo
- Reduction of inventories of strategic production materials (eg crude oil)
- Laws

Economic impacts

- Changes in laws on income tax and VAT and related (reduction, increase tax rates, etc.)
- Growth or decline in the economy
- The influence of the Czech koruna to euro
- Inflation, unemployment

Social influences

- Age distribution of persons critical of the project, the retail purchase (in the companies this phenomenon is not as significant as for retail sales. In the case of companies for the fulfillment of some long-term goals and objectives set out in a way that was beneficial for the society. For retail generally be different choices men and women when buying plays a role and an opportunity for what they buy.)

- Changes in lifestyles and attitudes to work
- The willingness of consumers to spend
- Some "fashion" dictates
- Cultural factors and regional differences

Technological influences

- Improvements in production technology in relation to the environment
- Energy consumption and energy costs
- New discoveries

- Internet

3 Characteristics and analysis of the current state of business

3.1 Basic information about the company

Company Name: Target Pumps, Ltd.

Company management: Ing. Paul Gal - Executive,
Management Representative

Registered Office: Brick 1153, 686 04 Kunovice

ID: 646 08 221

Tax ID: CZ64608221

Tel.: 572 548 140-1

Fax: 572 548 140-1

E-mail: targetpumps@targetpumps.cz

registered at the Registration Court in Brno, Section C, insert 45411

TARGET PUMPS, Ltd.. Acts not only on the Czech market since 2000, yet has within this short time managed to get fixed and known in the industry and the weighted name.

As is clear from the name, principal business is trading. One of the main components of the sales distribution expansion, and pressure vessels brand [Varea](#) - with a wide representation from 2 liters to 2000 liters of containers with a rubber-plastic bag or container. Equally important component of the sale of vertical, horizontal and submersible pumps of various brands and types.

For effective use of all possible resources available to business, our company has also assembling a group that deals with any particular installation and servicing of pumps and tanks, individually or in combination as a complete booster sets [ELEPHANT](#) designed for water supply of houses. Among other important activities of this division include the manufacture assembly and installation of automatic pressure stations, serving as a booster station for more manufacturing and industrial plants. Among others, we are able to provide complete protection of water, using many types of electronic and chemical treatment.

Another important business is the sale and installation of automatic irrigation mark [TORO](#) . This system was able to process from the initial project, through installation, maintenance and the regular service.

Among the great strengths of Target PUMPS, Ltd. is the inclusion complex of shops and service centers, company **SIGMA PUMPY HRANICE**, which thus manages ten branches throughout the Czech Republic and Slovak Republic. Among our other products can thus include a wide range of quality service and well-known techniques of this society ⁹.

3.2 Tax and administrative burdens

Czech Republic has long been considered one of the least attractive countries in the administrative burden on business. For establishing a company in the CR, the average needed 24 days. In Great Britain it is 6 days less, ie 18 days.¹⁰

For comparison, let us approach the establishment of a limited liability company in the Republic and Great Britain (for the CR is an abbreviation used Ltd., an acronym for Great Britain Ltd.):¹¹

3.2.1 Establishment of

CR

To set up a limited liability company founded by one to sign the necessary agreement of association. When the company with more partners, they sign a social contract.

UK

Ltd.. company is based signing of the memorandum.

⁹ *Target pumps* [online]. 2009 [cit. 2009-12-27]. Dostupné z WWW: <<http://www.targetpumps.cz/index.html>>

¹⁰ *Měšec* [online]. 2009 [cit. 2009-12-27]. Dostupné z WWW: <<http://www.mesec.cz/clanky/v-australii-je-spolecnost-zalozena-za-dva-dny/>>

¹¹ *Založte firmu v Anglii* [online]. 2009 [cit. 2009-12-27]. Dostupné z WWW: <<http://www.firmavanglii.cz/zalozeni-sro-ltd>>

CR

Constitutive Act of the drafting of a notarial deed. Notaries can normally take this action (regardless of whether a single member or multiple members) accounted for a reward of between 5.500, - CZK to 7,000 CZK. Partner / s for that price get 2 copies of the documents. One of the original designed for the commercial register, a second certified copy intended for the company.

Terms and founder of the social contract under the Commercial Code:

- Business Name
- Seat
- Scope of Business
- The capital and deposits of individual partners
- The names of shareholders and putting their country of residence, social security number
- Name, address and ID number of the directors and how they act on behalf of
-

Cost: 5.500,-CZK - 7.000 CZK per notarial deed.

Time loss: date of writing and arranging signature by a notary, the actual writing, reading and signature of partner / partners before a notary, pick up copies of incorporation documents - about 2 hours.

UK

The state does not mandate any regulation similar to our Commercial Code form of the founding documents. It does not mandate that these documents must be written in the form of a notarial deed.

Typically, the founding documents contain the following elements:

- Business Name
- Seat
- Names of shareholders
- Name and address of the Registrar (optional)
- It is not necessary to give the subject of business unless it is necessary licenses as banks

Cost: The financial cost of 0, - CZK.

Time loss: find a model such as the Internet, and then fill in the form

3.2.2 Capital

CR

Under the Commercial Code, Ltd capital CZK 200,000. If one partner is required to pass the entire amount of the capital. In the case of multiple partners "just" together to pass an amount equal to $\frac{1}{2}$ the amount of statutory capital, ie 100,000 CZK, with the fact that within 5 years of age must pay the remaining shareholders of the other $\frac{1}{2}$ of the capital.

It is intended administrator of the deposit (the capital) to establish a special account at a bank for capital investment Ltd.. Bank for this operation is usually charged a fee of CZK 500. The bank manager will issue a certificate of deposit composition of funds to this account and blocks until it is presented a certificate of registered companies in the Commercial Register.

Expenses: Bank charges (such as KB 500 CZK).

Time loss: 1.5 hour meeting at the bank.

UK

The capital is not given, need not be repaid before the establishment of a company funds may be inserted and blocked in particular the founding of the bank account.

Cost: 0,-CZK.

Loss Time: 0 hrs

3.2.3 Business licenses

CR

Under the Trade Act, every person who wants to become self-employed have a certificate that can perform this action. This certificate is a business license or concession deed. Trade Act distinguishes several types of small businesses (free, bound, concessions). In case Ltd will operate one of the linked list or a licensed business, must appoint a representative responsible for the business. Previously, it was to be paid for each business license issued separately. Today, every single business license replaced by so-called extract from the Register of Trades. For this statement to be pay a fee of CZK 1,000. Extract from the Register of Trades Licensing Authority is able to issue up to 2 working days of the Act is 5 working days. Ltd. After the registration in the Commercial Trade Register Office issued a new statement from the Register of Trades has a newly allocated ID. If he wants Ltd. to expand its business to other business must, once again to complete the authorization process. Which significantly increases the administrative and time consuming business.

Statutory appendices:

- Certified copy of the contract or Deed
- Excerpt from the cadastre and property owner approval
- Proof of payment of an administrative fee of CZK 1,000 (paid in the municipal treasury office, home office or Small Business credit card)
- Evidence of proficiency required for bonded and licensed trades
- Affirmation of the responsible representative
- Documents showing the operation of any industrial trade

Cost: CZK 1,000 an extract from the Register of Trades

Time loss: usually two days of waiting.

UK

Extract from the register of trade or business licensing offices in the UK do not exist. Business is unlimited, except for just the listed areas of law such as banking, insurance, etc. on which the state required license. The request for registration of the course does business.

Cost: 0, - CZK

Loss Time: 0 hrs

3.2.4 Establishment of the company

CR

Proposal for company registration in the Commercial Register, mending the prescribed form. It must be done within 90 days of signing the founding documents of the company. Business Register is the deadline for entry on the length of five days, provided they are not shledány facts for which they had to be rejected (eg, of the name in the Commercial Register for formal errors in the application, etc.). Business Register partner / partners shall send the order to the company in the Commercial Register. Now running 15-day deadline for appeals against the resolution. This period may be shortened so that the shareholder / shareholders waive all rights of appeal. When a company is legally established.

Attachments to the application to register the company's incorporation:

- A deed or memorandum in the form of a notarial deed
- Abstract from less than 3 months
- Consent of property owner
- Statement by the administrator of the deposit with an authenticated signature
- Bank certificate of deposit
- Affidavit of directors with an authenticated signature, that they are fully legally competent
- Specimen signatures, signatures certified

- Consent to be recorded natural or legal persons with the registration in the Commercial Register with an authenticated signature
- Criminal Record executives not older than 3 months
- Extract from the Trade Register
- 5.000 CZK col-

If the application is rejected on procedural grounds, it returns the trade register fee of 5,000 CZK, but the original documents - albeit with a formal mistake / error does not return. It follows that the entire process from the beginning of section 2.3. I have to take back, including fees. If it happens that the business register its official accidentally entered the wrong information, you can change it for a fee CZK 1,000 with a newly completed and notarized application.

Cost: 5.000,-CZK stamp, 50, - CZK criminal records, postage 82,-CZK for both submission of recommendations to the Czech post.

Loss Time: 2-3 weeks, provided that the formal errors are not found.

UK

Ltd.. As in the CR arises on the day of the company in the Commercial Register.

It is necessary to substantiate any attachments.

As a mandatory annex to the application for registration be accompanied by: No attachments are enclosed.

Extract from the Commercial Register within 24 hours sent the e-mail cited in the application. Mail is sent to the original statement to the address Ltd..

Cost: 15 - GBP/447,-CZK, (at an exchange rate 1GBP = 29,798 CZK of 31.12.2009).

Loss Time: 24 hrs.

3.2.5 Obligation to provide information to the Commercial Register

CR

Basic information concerning the commercial register, the model forms and contact addresses of business registers can be found on the official server of Czech judicial:

<<http://www.justice.cz>> , specifically at:< [http://portal.justice.cz/justice2/ms / ms.aspx? j = 33 & o = 23 & k = 2452 & d = 15231](http://portal.justice.cz/justice2/ms/ms.aspx?j=33&o=23&k=2452&d=15231) >

UK

All questions can be consulted electronically, by telephone (in 17 languages). Officials are accustomed to communicating with foreigners speaking English. Similarly, the trade register in the UK has its own website:< <http://www.companieshouse.gov.uk/>>

3.2.6 Application to the Tax Office

CR

Ltd. must register within 30 days of the company. The application shall be separately stated date of commencement of activity. This may be different from the data entry company in the Commercial Register. Annexed to the application shall be accompanied by an extract from the Commercial Register. You can have reports in the post for two-page statement will pay 140, - CZK.

Cost: 140, - CZK.

Loss Time: 1 pm - Notice of application for registration FU copy of an extract from the post office, receipt of a request for confirmation FU to be transferred to a copy of the application – everything personally.

UK

Registration Ltd.. je povinna učinit až se zahájením činnosti.

Cost: 0,-CZK.

Spent time: 10 min. fill out and submit the form from the Internet.

3.2.7 Application for employer social security and health insurance

CR

Ltd. soon take up employment even if only one employee has the duty to register as an employer in the county administration of social insurance and health insurance for which the employee is insured. The employer then pays the county on behalf of the Social Security Administration 25% of the employee's gross salary and 9% of employee's gross salary to the account of health insurance. Payment must be credited to the account of the two insurance offices by 20 of the month following the end of the month for which it is paid. In addition, it is necessary to send reports on the amounts to be withheld for the past month and paid.

Cost: 25% + 9% of the employee's gross salary - the employer's expense, 20,-CZK postage.

Spent time: time to calculate the payroll accounting, processing time and sending reports by mail.

UK

It is not necessary to register as an employer, provided they are not employees will meet at least one of the following conditions:

- Employee already has another job
- The employee is a beneficiary of retirement
- Employees are paid at or above the PAYE ¹²
- Employees have salaries at or above the threshold for liability to pay National Insurance
- Provide them with employee benefits

If you have registered, you may do so up to four weeks before the first pay day.

Cost: See Table 2

Spent time: time to calculate the payroll accounting, time for processing.

¹² PAYE (pay as earn) is a system that HM Revenue & Customs (HMRC) is used to collect income tax and National Insurance contributions (NICs).

As an employer, you have to deduct tax and NIC from 'pay to their employees in each pay period, as an employer to pay Class 1 NICs, all this only if you earn over a certain threshold. These amounts are paid to HMRC a monthly or quarterly.

After the end of the tax year, you must send HMRC employers' annual survey of the amounts paid. Nearly all employers are obliged to send it online.

National Insurance Contributions

National Insurance Contributions - rates and allowances			
£ per week	2008-09	2009-10	2010-11
Lower earnings limit, primary Class 1	£90	£95	£97
Upper earnings limit, primary Class 1	£770	£844	£844
Upper accruals point	N/A	£770	£770
Primary threshold	£105	£110	£110
Secondary threshold	£105	£110	£110
Employees' primary Class 1 rate between primary threshold and upper earnings limit	11%	11%	11%
Employees' primary Class 1 rate above upper earnings limit	1%	1%	1%
Class 1A rate on employer provided benefits (1)	12.8%	12.8%	12.8%
Employees' contracted-out rebate	1.6%	1.6%	1.6%
Married women's reduced rate between primary threshold and upper earnings limit	4.85%	4.85%	4.85%
Married women's rate above upper earnings limit	1%	1%	1%
Employers' secondary Class 1 rate above secondary threshold	12.8%	12.8%	12.8%
Employers' contracted-out rebate, salary-related schemes	3.7%	3.7%	3.7%
Employers' contracted-out rebate, money-purchase schemes	1.4%	1.4%	1.4%
Class 2 rate	£2.30	£2.40	£2.40
Class 2 small earnings exception	£4,825 per year	£5,075 per year	£5,075 per year
Special Class 2 rate for share fishermen	£2.95	£3.05	£3.05
Special Class 2 rate for volunteer development workers	£4.50	£4.75	£4.85
Class 3 rate	£8.10	£12.05	£12.05
Class 4 lower profits limit	£5, 435 per year	£5, 715 per year	£5, 715 per year
Class 4 upper profits limit	£40, 040 per year	£43, 875 per year	£43, 875 per year

Class 4 rate between lower profits limit and upper profits limit	8%	8%	8%
Class 4 rate above upper profits limit	1%	1%	1%

Table 2

Source: *HM Revenue & Customs* [online]. 2009 [cit. 2009-12-27]. Dostupné z WWW: <<http://www.hmrc.gov.uk/rates/nic.htm>>

3.2.8 Minimum Wage

CR

The law in the Republic states that the minimum wage for employees with a week of working hours is 40 hours at a monthly tariff of 8.000 CZK, in the hourly rates 48.10 per hour .

UK

The minimum wage in Great Britain:

- for employees aged 22 and over is set at £ 5.73 an hour.
- for employees aged 18 to 21, the minimum hourly rate of £ 4.77 per hour.
- For employees aged 16-17 years is the minimum hourly rate of £ 3.53 per hour.

3.3 Environment PEST Analysis of Target Pumps, Ltd.

3.3.1 PEST Analysis of the CR

Political factors

a) government stability

long-term CR can be characterized as a country with stable government.

b) the international embargo

CR nor Great Britain has imposed on any of the commodities, with whom Target PUMPS Ltd. trading embargo. Or any other embargo could seriously affect the business and community development.

c) reduction of strategic stocks of productive resources (eg oil)

does not apply directly to the company. In the case of mineral resources such as oil is a global trend that significantly affect the transfer of the registered office of the Republic to Great Britain.

d) the laws

See Chapter 2 theoretical foundations.'s tax laws in the Republic are very often changes, and added that during the fiscal year, which is not too good for the so-called legal certainty to the taxpayer. The large volume of exceptions and apparent interest lobbying groups in legally regulating the tax on corporate income.

Economic impacts

a) changes in laws on income tax (reduction, increase tax rates, etc.)

in CR in 2008 set a trend of gradual reduction of taxes on corporate income to a level of 19% in 2010. Due to problems with the CR high government budget deficit is forecast to the next tax year 2011 tax rate of corporate income tax back to the level of 20%. The biggest problem is the tax on dividends at 15%. When company in its net profit after tax pay shareholders profit from the shares on not by a tax levy of 15%.

b) growth or decline in the economy

Czech economy is part of the euro area. The fluctuations in the euro area economy reacts with a lag. This is due to stronger binding to the German economy and a certain response delay between the impact of fluctuations in the euro area in the German economy and subsequent expression of the Czech economy. The economy in the period 2005 - 2007 grew to 6%. In 2008, recorded slower growth of 2.5% and in 2009 drop was visible and

pronounced slowdown of -4.1%. For 2010 it is supposed to slow economic acceleration of around 1.5 - 2% growth.

c) the influence of the Czech koruna to the euro

crown since 2006 against the two currencies moves + / - at the same rate 1 EUR = 26,873 CZK approx. Greater fluctuation was observed only in 2008 when the crown throughout the year significantly strengthened and moved around the boundary of 1 EUR = 24,942 CZK. IF the company moved its headquarters to Britain, would be used as transfer currency British pound sterling, which has long held the same exchange rate against the European currency Euro. The position of Czech and English currency exchange varies depending on the relationship CZK / EUR.

c) inflation, unemployment

Average annual inflation in 2009 was 1% in the CR, the general unemployment rate in 2009 was 6.7% in CR. CR has in the past 5 years the average inflation rate of around 2.5%, which can be considered low inflation. While unemployment in the last 3 years and fell at around 5.5%, but in the years 1998 to 2006, unemployment was at the threshold of 8%. However, do not pass a proper Czech labor law reform in the Republic's main employer, the employee is still one of the most expensive and most complicated of the cost.

Social impacts

a) the age distribution of persons critical of the project

Project decided the only person in the age range 35-40 years, does not change the fundamental decision-makers about the project

b) changes in lifestyle and attitude to work

Project decided the only person in the age range 35-40 years, does not change the fundamental decision-makers about the project

c) the willingness of consumers to spend

given the profile of the goods sold by the company does not assume that the willingness of consumers to spend an effect on sales growth.

d) certain "fashion" dictates

given the profile of products, the company sells, with no fashion dictates expected.

e) Cultural factors and regional differences

these factors, the company had no significant impact

Technological influences

a) improving production technology in relation to the environment

producer of goods with which it operates, long-manufactures its products with respect to the environment

b) energy consumption and energy costs

Note a)

c) new discoveries

So far, the development of technology shifts more to the field of environmental protection than in the search for a new method of pressure vessels

d) Internet

year after year in the Republic noticeable impact multimedia "Internet". Given that the market economy slowly enter generation born in the late 80 of the 20 Century, that have already been granted "daily" use of multimedia tools such as the Internet becomes the presentation and promotion of the significance and importance. The environment of the Internet has "its own world and the 'hard to define, will thus only a finding that the Internet has also become a CR very powerful tool in the fight with the competition.

Czech Republic: Key macroeconomic indicators

Sources: CZSO, MLSA, CNB, MF and Hydrometeorological

U k a z a t e l		2006	2007	2008	2009
Ukazatele reálné ekonomiky					
HDP	mld. Kč, b. c.	3 222,4 313	3 535,5	3 689,0 353	3 625,9 345
HDP na 1 obyvatele	Kč/obyv., b. c.	868	342 494	701	601
HDP na 1 obyvatele v PPS	PPS/obyv., b. c.	18 217	19 948	20	18 960
HDP	%, r/r, reálně	6,8	6,1	2,5	-4,1
Výdaje na konečnou spotřebu	%, r/r, reálně	3,9	3,6	2,8	0,6
z toho: spotřeba domácností	%, r/r, reálně	5,0	4,9	3,6	-0,3
Výdaje na tvorbu hrubého kapitálu fixních	%, r/r, reálně	9,6	9,4	-2,8	-15,8
z toho: o	%, r/r, reálně	6,0	10,8	-1,5	-7,9
Vývoz zboží a služeb	%, r/r, reálně	15,8	15,0	6,0	-10,8
Dovoz zboží a služeb	%, r/r, reálně	14,3	14,3	4,7	-10,6
Domácí realizovaná poptávka	%, r/r, reálně	4,5	5,6	1,7	-1,5
Deflátor HDP	%, r/r	1,1	3,4	1,8	2,5
Hrubý disponibilní důchod	mld. Kč, b. c.	3 044,2	3 267,9	3 490,9	3 380,2
Hrubé národní úspory	mld. Kč, b. c.	795,4	863,4	903,5	744,3
Míra hrubých národních úspor	%	26,1	26,4	25,9	22,0
Míra hrubých úspor domácností	%	9,6	10,9	10,3	9,5
Souhrnná produktivita práce	%, r/r	4,9	3,3	0,8	-2,4
Jednotkové pracovní náklady	%, r/r	0,7	2,8	5,3	1,1
Energetická náročnost	%, r/r	-5,5	-5,9	-5,7	
Emise CO2	%, r/r	3,6	2,3	-7,7	
- tržb y	%, r/r, běžné ceny	8,5	14,1	-0,3	-15,9
Průmysl	%, r/r, reálně	6,0	7,1	0,0	-1,0
Stavební produkce					
- tržb y	%, r/r, reálně	4,6	8,8	0,3	-9,8
Služby					
- tržb y	%, r/r, reálně	-3,7	-6,6	-3,8	16,4
Zemědělství					

Počet zaměstnaných s jediným nebo hl.zam.	%, r/r	1,3	1,9	1,6	-1,4
Obecná míra nezaměstnanosti	%, průměr	7,1	5,3	4,4	6,7
Míra dlouhodobé nezaměstnanosti	%, průměr	3,9	2,8	2,2	2,0
Míra registrované nezaměstnanosti	%, průměr
Míra reg.nezam. podle stávající metodiky	%, průměr	8,13	6,62	5,45	7,98
Průměrná hrubá nominální mzda 1)	%, r/r	6,6	7,2	7,8	4,0
Průměrné reálné mzdy 1)	%, r/r	4,0	4,3	1,4	3,0
Průměrný starob.důchod/průměrná mzda	%	40,8	40,6	40,2	41,6
Míra inflace	%, r/r, průměr	2,5	2,8	6,3	1,0
Míra inflace	%, r/r, prosinec	1,7	5,4	3,6	1,0
Ceny průmyslových výrobců	%, r/r, průměr	1,5	4,1	4,5	-3,1
Ceny stavebních prací	%, r/r, průměr	2,9	4,1	4,5	1,2
Ceny tržních služeb	%, r/r, průměr	3,4	1,6	3,8	1,5
Ceny zemědělských výrobců	%, r/r, průměr	1,1	16,5	8,8	-24,8
Ceny vývozu zboží	%, r/r, průměr	-1,2	1,3	-4,6	0,2
Ceny dovozu zboží	%, r/r, průměr	0,3	-1,0	-3,3	-3,5
Směnné relace	%	-1,5	2,3	-1,3	3,8
Měnové ukazatele					
CZK/EUR	průměr	28,343	27,762	24,942	26,445
CZK/USD	průměr	22,609	20,308	17,035	19,057
Nominální efektivní kurz	%, r/r	5,2	2,6	11,6	-4,2
Reálný efektivní kurz	%, r/r	2,5	2,8	9,6	-5,3
U k a z a t e l		2006	2007	2008	2009
M2 *	%, r/r	9,9	13,2	6,6	4,0
Běžný účet (BÚ) platební bilance	mld. Kč	-77,2	-113,1	-22,9	-37,0
Finanční účet (FÚ) platební bilance	mld. Kč	92,4	125,8	59,0	95,1
Změna devizových rezerv	mld. Kč	-2,1	-15,7	-40,1	-60,6
BÚ/HDP	%	-2,4	-3,2	-0,6	-1,0
FÚ/HDP	%	2,9	3,6	1,6	2,6
Stav devizových rezerv* (DR) ČNB	mld. Kč	656,6	631,0	716,0	764,3
Stav DR* ČNB/HDP	%	20,4	17,8	19,4	21,1

Krytí dovozu zboží a služeb DR ČNB	měsí c	3,4	2,9	3,2	4,0
Fiskální ukazatele					
Vládní deficit (přebytek)	mld. Kč	-84,9	-23,9	-100,3	-210,3
Vládní deficit (přebytek)/HDP	%	-2,6	-0,7	-2,7	-5,8
Saldo státního rozpočtu (SR)	mld. Kč	-97,6	-66,4	-19,4	-192,4
Saldo SR/HDP	%	-3,0	-1,9	-0,5	-5,3
Vládní dluh	mld. Kč	948,3	1 023,8	1	1 280,4
Dluh sektoru vlády v procentech HDP	%	29,4	29,0	30,0	35,3
Státní dluh	mld. Kč	802,5	892,3	999,8	1 178,2
Státní dluh/HDP	%	24,9	25,2	27,1	32,5

Table 3

Source: *Czech Statistical Office* [online]. 2009 [cit. 2009-12-27]. Available from WWW: <http://www.czso.cz/csu/redakce.nsf/i/home>

Notes:

y / y change y / y., data not available; * End of period.

1) full time equivalents, the entire national economy

3.3.2. PEST analysis of the environment of Great Britain

Political factors

a) government stability

Great Britain is a constitutional monarchy headed by Queen Elizabeth II. . Executive power is in the hands of Parliament, which has two chambers (House of Lords and House of Representatives). The parliament is headed by the Prime Minister. In the long term as well as the CR regarded as politically stable country.

b) the international embargo

United Kingdom or Republic has imposed on any of the commodities, with whom Target PUMPS Ltd. trading embargo. Or any other embargo could seriously affect the business and community development.

does not apply directly to the company. In the case of mineral resources such as oil is a global trend that significantly affect companies moving from CR to Great Britain.

d) the laws

See Chapter 2 theoretical foundations. The rules are traditionally stable and changes taking place especially with regard to the development of macroeconomic data. A taxpayer that has a relatively high degree of regulatory certainty in terms of tax law and financial law.

The economic impact in Great Britain

a) changes in laws on income tax (reduction, increase tax rates, etc.)

in the UK tax on corporate profits since 2008 ranges from 21% to 30% depending on the amount of earned income (see Table. No. 1), excluding the tax on mining, which is traditionally a high 50%. For fiscal year 2011 are expected to decrease the rate of corporate profits by 1%.

b) growth or decline in the economy

The economy in the period 2005 - 2007 grew an average rate of 2.53%. In 2008, as recorded in the CR slowdown to 0.7% in 2009 was a visible decline and pronounced slowdown of 4.9%. For 2010, the economy is supposed to start at around 1 - 1.5% growth. While economic experts fear that the United Kingdom after a slight recovery did not fall back into recession, the so-called W.

c) the influence of the Czech koruna to the euro

The position of Czech and English currency exchange varies depending on the relationship CZK / EUR. See Section 3.3.1.2 C).

d) inflation, unemployment

Average annual inflation in 2009 was in Great Britain 3% general unemployment rate in 2009 was in Great Britain 7.8%. Velká Británie has in the past 5 years the average inflation rate of around 2.5%, which can be considered low inflation. Average unemployment in the UK in the last 5 years is 5.86%. However, in the context of the global crisis, the unemployment rate in 2009 rose to 7.8%.

Social impacts

a) the age distribution of persons critical of the project

Project decided the only person in the age range 35-40 years, does not anticipate a significant change decision-makers about the project

b) changes in lifestyle and attitude to work

Project decided the only person in the age range 35-40 years, does not anticipate a significant change decision-makers about the project

c) the willingness of consumers to spend

given the profile of the goods sold by the company does not assume that the willingness of consumers to spend an effect on sales growth. In the event that the company decided to expand the market of Great Britain and found a niche market for goods which could be traded in this area to increase the willingness of consumers to spend money on new goods.

d) certain "fashion" dictates

given the profile of products, the company sells, with no fashion dictates expected.

e) Cultural factors and regional differences

these factors, the company had no significant impact

Technological influences

a) improving production technology in relation to the environment

Great Britain has long been one of the country supporting the development of environmental technologies and this will assist her excellent background of university research facilities in Oxford and Cambridge.

b) energy consumption and energy costs

Note a)

c) new discoveries

Note a)

d) Internet

Rok	2005	2006	2007	2008	2009
HDP - meziroční změna (%)	1,8	2,8	3,0	0,7	-4,9
Hodnota HDP (<i>mld. GBP</i>) - <i>tržní ceny</i>	1.254	1.326	1.399	1.448	1.396
Platební bilance (<i>mld. GBP</i>)	-31,0	-50,7	-40,3	-22,0	-18,4
Bilance běžného účtu (% <i>HDP</i>)	-3,0	-2,3	-2,8	-1,5	-1,3
Roční míra inflace (%)- <i>index CPI</i>	2,0	2,3	2,3	3,1	3,0
Míra nezaměstnanosti (%)	4,8	5,5	5,2	6,0	7,8
Čistý dluh veřejného sektoru (% <i>HDP</i>)	36,9	37,3	37,7	47,5	60,3

Table 4:

Basic macroeconomic indicators of Great Britain over the past 5 years.

Source: *Office for National Statistics* [online]. 2009 [cit. 2009-12-27]. Dostupné z WWW:

<http://www.businessinfo.cz/cz/sti/velka-britanie-ekonomicka-charakteristika-zeme/4/1000687/>

4 Evaluation Analysis

Even the theoretical part is obvious that the Czech Republic has a much more complex system of regulations governing corporate taxation. The UK has taxation of corporate dealt with in a summary document that is updated as necessary. This document is only a year following the rate of income tax on profits of companies.

In the application part, we compared the administrative and fiscal burden on society in terms of establishment of companies, employment of persons. The analysis clearly shows that the number of days to set up companies in the CR is 24, the number of days for setting up a company in the UK is 18 days. The difference is 6 days.

Loading employer contributions are significantly higher in CR than in Great Britain despite the fact that it is essential knowledge of the system of taxation of employees in CR due to various deductions, bonuses, malusům, reductions of the tax base, tax rebates, etc.. The UK is clearly given in the table which can be easily understand by the gross amount of wages.

The tax rate on profits of corporations in the UK depends on the amount of income tax for the fiscal year of the company. In our case, Target's Pumps, Ltd., ranked in the rate of 21% profit to 300.000, - GBP. HV TARGET PUMPS, Ltd. in 2008 after the conversion and rounding amounts to 43 700, - GBP. The rate of corporate income in 2008 was 21%. (For better comparison of numbers are used in 2008 due to higher profit, and thus a better representation of the difference. It uses the gross profit, provided that the Company or one of those states will be required of the gross profits attributable to amounts deducted or chart of accounts as an account of the CR 513 - Representation in the tax return is added to the tax base, etc.). With that, it is evident that, for tax purposes would simply transfer the registered office was not profitable.

PEST analysis are generally presented the environment of both countries. In the case of the Czech Republic is an indisputable advantage of already established business network of customers, knowledge of the home environment and competition. The disadvantage is a complex system of taxation and a large administrative burden of accounting and tax expert. Furthermore, it is a rigid system of employment and dismissal of employees.

In the case of Great Britain is the possibility of discovering a new market of potential customers, increase profits. Bears the risk of incorrect processing strategy for the promotion and marketing company. The tax burden seems to be in the reporting period as equivalent. Here we must take into account the possibility of creating such holding structure Commercial companies or subsidiaries in the CR (headquarters and command center companies in the UK and sales offices in the country. Gains arising from such transactions would be Daniel in the UK. Alternatively, the extension of the holding company of another company in another low-tax jurisdiction, and moved headquarters to this jurisdiction.) United Kingdom, unlike the CR company tax system simpler and less administrative burden on society in terms of employment legislation.

5 Conclusion

We can conclude that the overall administrative burden in the UK is lower than the national average, it relates to the labor laws. The tax burden would be for the year 2009 and 2010 should be the expected income of the CR is lower than in Great Britain. From my perspective, the relocation of headquarters tax paid only if the integration of Target PUMPS, Ltd. to a newly created tax and holding structures optimally scheduled.

6 REVIEWA

TARGET PUMPS, s. r. o.

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Lenka Suchánková
Na Řádku 230
686 04 Kunovice

Kunovice
4.12.2010

Věc : **Hodnocení bakalářské práce**

Naši společností bylo zadáno paní Suchánkové ke zpracování bakalářské práce téma: „Analýza ekonomických dopadů přesunu sídla společnosti TARGET PUMPS, s.r.o. na území Spojeného království Velké Británie a Severního Irska“

Práce nám poskytla dostatek informací pro další rozhodování o činnosti firmy.

Děkujeme za zpracování tématu, závěr bude využit pro činnost společnosti.

S pozdravem

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Evaluation of Bachelor Thesis prepared by the Department Economics and Management

Title of Bachelor Thesis: "Analysis of the economic impact of companies moving Target
Pumps, Ltd. the United Kingdom of Great Britain and
Northern Ireland "

Author's first and Family Name: Lenka Suchánková
Study Field: Finance a Taxation

Criteria for Evaluation	A	B	C	D	E	F
1. Complexity		X				
2. Achievement of objectives			X			
3. Theoretical part			X			
4. Practical part			X			
5. Presentation		X				

Mark the evaluation in each criterion by X

Alphabetic Evaluation Scale				
Digital evaluation	Alphabetic Evaluation	Word Evaluation	English Equivalent	Percentage range
1	A	upper - excellent	upper - excellent	90 – 100 %
2	B	lower - excellent	lower - excellent	80 – 89 %
2	C	very good	very good	70 – 79 %
3	D	good	good	60 – 69 %
3	E	sufficient	sufficient	50 – 59 %
4	F	fail	fail	pod 50 %

Bachelor thesis is recommended.

My evaluation: very good (C)

Kunovice: 22. 11. 2010

.....
Evaluator's signature

Evaluation prepared by: Ing. Marie Šedová

7 ABSTRACT

Suchánková Lenka: "Analysis of the economic impact of companies moving Target PUMPS, Ltd. in the United Kingdom of Great Britain and Northern Ireland"

Bachelor thesis: The Polytechnic Institute, Ltd. Kunovice

Leader: Ing. Josef Čadek

Key words: reduce the administrative burden of tax and legal persons.

The paper presents a comparison of tax and administrative burden on legal entities in the Czech Republic and the United Kingdom of Great Britain and Northern Ireland. And my answer to the question whether the transfer of the headquarters of a legal person from the Czech Republic in the United Kingdom of Great Britain and Northern Ireland, the Airline will reduce the tax and administrative burdens.

The theoretical part focuses on the analysis of legislation on the taxation of corporate income tax and the definition of PEST analysis.

The practical part is devoted to comparing the current state of taxation in the taxation of corporate income tax, the administrative burden of setting up a company - the transfer of companies in both countries and environmental PEST analysis.

The thesis is developed for the needs of Target Pumps, Ltd., and to serve as a basic overview of laws, administration and general business environment of both countries.

8 Index of terms

Low-tax country's - countries with low tax burdens such as the Isle of Man, Cyprus, Netherlands Antilles, etc.

The Plan - is a general term which usually describes the sequence of time and material potential future events. But it can express a written document that shows the structure of some areas - such as building plans, city plans, etc.

The company - is in the law firm's name or trade name under which the business is incorporated. The entrepreneur is obliged to perform legal acts under his name. Generally, the term the company uses as a synonym for the word enterprise.

European Union (EU) - is political and economic union, which since the last enlargement in 2007, consists of 27 European countries with nearly 500 million people (about 7.5% of world population). The EU established the European Community in 1993 under the Treaty on European Union, better known as the Maastricht Treaty, which followed on the European integration process since the fifties

OECD - an international organization founded in 1961 as the successor organization of the OEEC (Organisation for European Economic Cooperation, English European Organization for Economic Cooperation, founded in 1948 as a permanent body which ensures the implementation of the European Recovery Program (Marshall Plan) in order to liberalize their trade and support the growth economies of Western Europe.

Members of the European countries that received U.S. assistance: Belgium, Denmark, France, Ireland, Iceland, Italy, Luxembourg, Netherlands, Norway, Portugal, Austria, Greece, Sweden, Switzerland, Turkey, since 1949 Germany and since 1959, and Spain), based in Paris. The main objective is to liberalize international trade and finance. Every year, gives an economic analysis and economic evaluation of country performance.

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