International aspects of value added tax

Abstract

This thesis focuses on the application of value added tax in cross-border transactions of goods and services. The aim of this thesis is first to define the characteristic features of value added tax from a theoretical perspective, then to apply the theoretical findings to commercial transactions with a cross-border element in the European Union, and finally to evaluate the current applicability of artificial intelligence in fulfilling tax obligations related to value added tax in international business relations.

The thesis is systematically divided into three chapters. The first chapter introduces the reader to the issue of value added tax, where the basic structural elements of VAT are presented, then value added tax is integrated into the domestic tax system through its characteristics, and there is also emphasized its importance for public budgets. The second chapter transfers these theoretical foundations into specific business cases with an international element. The second chapter of this thesis analyses in detail the rules based in the domestic VAT Act as well as in the European VAT Directive in particular for determining the place of supply and the person liable to declare and pay the value added tax for individual cross-border transactions between the Czech Republic and another member state of EU, highlighting respective differences between their different variants. Finally, the third chapter of the thesis aims to answer the question whether, at present, the ChatGPT artificial intelligence language model can represent a comprehensive substitute for a regular legal or tax professional, i.e. whether artificial intelligence can provide sufficient and correct information to an entrepreneur without proper knowledge regarding the collection and payment of VAT on cross-border business transactions.

The conclusion of this thesis on the one hand defines key ideas and principles underlying the regulation of the EU VAT system (which the domestic VAT law is a part of) in cross-border business transactions, and on the other hand analyses and evaluates the limits, advantages or shortcomings of the information and data obtained from artificial intelligence in this area.

Keywords: value added tax, artificial intelligence, cross-border transactions