

**PARLIAMENT OF THE CZECH REPUBLIC  
THE CHAMBER OF DEPUTIES**

**Vaclav V o t a v a  
Chairman  
Budget Committee**

Sněmovní 4  
118 26 Prague - Malá Strana  
Czech Republic

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Alain Lamassoure  
The Chair  
Directorate-General for Internal Policies  
Directorate A - Economic and Scientific Policies  
Special Committee for Taxes  
Tax Rulings and Other Measures Similar in Nature or Effect

Prague, 27<sup>th</sup> May 2015

Dear Chair

Thank you very much for your letter concerning activities of the special committee of the European Parliament on tax rulings and other measures similar in nature or effect. I am pleased by your interest in the work of national parliamentary committees and I welcome very much the invitation to an interparliamentary meeting in Brussels on 17 June 2015. It is a pity, but our inner parliamentary duties obstruct us to participate.

To contribute to your efforts please find below replies to your specific questions.

The Budget Committee, which I am chair of, has wide scope of responsibilities and tax matters are one of them. When introduced by the Government, all drafts of new tax laws or their amendments have to be consulted with the Budget Committee as part of the legislative process. It examines also double taxation treaties and treaties on exchange of information in tax matters within procedure of their ratification in the Parliament.

As regards administrative practices such as rulings, there is no specific procedure envisaged according to which the Budget Committee would be either informed or consulted on. The Budget Committee neither has made any specific findings concerning transfer of profits based on administrative practices within the Czech Republic. As to what is known the number of instruments, such as tax rulings, issued in the Czech Republic has been rather insignificant, this issue has not obtained high priority within the committee's agenda so far.

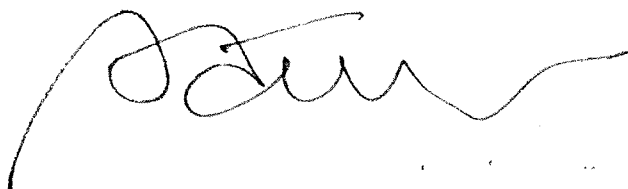
As the fight against tax fraud and tax evasion continues to be one of the top priorities of the Czech government the Budget Committee strives to contribute as much as possible within its capacity. **The Czech Republic aims its activities primarily at an uncompromising fight against VAT fraud as it has been identified as the area entailing the most serious problems.** Recently, new instruments have been introduced to deal with these matters, local sales list accompanying VAT return as of 2016 being expected to be the most efficient. Currently, we are expecting further important legislation which should allow an introduction of an on-line electronic recording of cash payments as an efficient alternative to traditional cash registers.

What is important, I am persuaded that **our efforts at the national level need to be complemented at the EU level. This seems to be true especially when it comes to VAT carousel fraud which causes significant revenue loss within the EU member states** according to the VAT Gap study. As a reply to this problem the Czech Minister of Finance Mr. Andrej Babiš, together with several of his partners from the Council, the same as we, are promoting **wider use of reverse charge mechanism within the common EU VAT system.** I can assure that this effort would find full support in our Committee. I will be more than grateful if you could consider how the TAXE special Committee or another Committee within the European Parliament could assist us in these efforts.

Please be assured that the intention to work more closely on issues of our common interest has been very well received within our Committee.

I look forward to our future cooperation.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Andrej Babiš', written in a cursive style.