

## **Transfer pricing as a legal and financial instrument of international tax optimization in the European Union**

Doctoral dissertation presents detailed analysis of transfer pricing in the context of international tax optimization in the European Union. The dissertation consists of introduction, four chapters, and conclusions. The main thesis of the dissertation is that the current regulations of transfer pricing allow international tax avoidance. The first chapter presents theoretical aspects of international tax optimization and issues regarding transfer pricing. At the beginning the author has described and defined the following terms: tax optimization, aggressive tax optimization, transfer pricing, the scope of use of transfer pricing and the institutions associated with transfer pricing transactions. The second chapter includes analysis of direct and indirect factors connected with transfer pricing which exist in the international trade. The author indicates that these factors may impact on the structure of the transactions, including the level of prices and other terms of agreements concluded between the parties of the transactions - also in the context of international tax avoidance. The third chapter contains the selected scenarios of using transfer pricing regulations in the purpose of international tax avoidance. The author underlines (highlights) the versatility of the transfer pricing, whose main purpose is to achieve appropriate tax benefits resulting with the profit shifting and tax base erosion, by presenting the different methods of their use. The further part of the third chapter includes the practical examples of using transfer pricing within transactions conducted in the European Union. The author emphasizes, that the abovementioned transactions increase the scale of the international tax avoidance and indicates that current regulations are not effective to prevent such activities. The fourth chapter presents the actual solutions introduced within the tax policy of the European Union as well as their assessment in the light of preventing the use of transfer pricing for the international tax avoidance. It includes the definition of the "multinational enterprise" and detailed analysis of structure and role of the multinational enterprise groups as the main beneficiaries of the international transactions. The further part of the fourth chapter presents (points out) the solutions which are introduced to prevent using transfer pricing rules contrary to the original assumption of the legislator i.e. in the purpose of profit shifting and tax base erosion as a result of the aggressive tax optimization.

In conclusion the author verifies the research thesis formulated in the introduction of the dissertation. The author considers that current regulations regarding transfer pricing allow international tax avoidance. The author indicates that these regulations instead of carrying out their basic role as a guarantor for the market prices between associated enterprises can be used for the reduction of the tax obligations. The author underlines, that members of the European Union do not have effective regulations to prevent using transfer pricing for the purpose of international tax avoidance. The author draws attention to the need of introduction the complex regulations which are not only attributed to the transfer pricing, but also to the other factors which may have direct or indirect impact on transfer pricing manipulations. The author presents the detailed assessment of current and proposed regulations regarding transfer pricing in the context of tax avoidance. Furthermore, the doctoral dissertation includes the number of conclusions, including proposed activities which in author's opinion will result in decreasing the scale of international tax avoidance by using transfer pricing regulations.

**Key words:** transfer pricing, tax optimization, aggressive tax optimization, tax avoidance, preventing tax avoidance, profit shifting, tax base erosion.