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Taxation of an entity without legal personality: the accounting and tax challenges of the Czech trust fund in continental law

Karel Brychta*

*Associate Professor at the Faculty of Business, Brno University of Technology, Czech Republic. Email: karel.brychta@vut.cz

ABSTRACT

This article describes and evaluates selected aspects of accounting and tax regime of the Czech trust fund. The Czech legislature has resolved the incompatibility between the private law nature of the trust fund and public law requirements through a series of pragmatic legal fictions, which treat the trust fund as a legal person for accounting and tax purposes. The article identifies the Czech tax model as a viable framework for use within a holding structure, whilst also highlighting the regulatory tension between the desire for discretion and the growing pressure for transparency under AML legislation.

INTRODUCTION

The introduction of the trust fund (*svěřenský fond*) into the Czech legal system, effective from 1 January 2014, represents one of the most ambitious legislative undertakings within the recodification of Czech private law.¹ This instrument, inspired primarily by the Quebec *fiducie*,² is an example of transplanting a legal concept historically and conceptually rooted in the common law tradition³ into the more rigid framework of a continental legal system. After ten years of its existence, the Czech experience appears to serve as a unique, albeit perhaps imperfect, laboratory for examining the general difficulties that traditional continental law jurisdictions encounter when implementing such wealth management instruments.⁴ It is precisely this ‘laboratory’ nature, as termed by leading Czech experts in foundation and trust law, that makes the Czech model an interesting subject of study not only for the domestic community but also for international academics and practitioners concerned with, *inter alia*, the challenges of trust compatibility within continental law and the efforts to bridge the tensions that such implementation brings.

The establishment of the trust fund inevitably created the need to address not only private law matters but also complex aspects of public law, particularly accounting and tax rules. Trust funds are entities in which assets of considerable value can be held and which can generate significant returns; they are also potentially vulnerable to misuse in the context of aggressive tax planning, especially within international holding structures.

This article aims to provide an assessment of the accounting and tax framework governing Czech trust funds. The legal framework had to bridge the conceptual gap between the private law nature of the fund as an asset pool without legal personality and the public law necessity for a clearly defined subject of rights and obligations. The article first analyses the *sui generis* nature of the trust fund, its lack of legal personality, and the concept of an autonomous patrimony, which are the key characteristics determining its public law regime. It then discusses the accounting rules, noting theoretical challenges such as the impingement on the going-concern principle and practical problems associated with asset valuation. The core of

¹ For more information, see e.g. K Ronovská and P Lavický, ‘Czech Republic: Foundations and trust funds in the Czech Republic after the recodification of Civil Law: a step forward?’ (2015) 21(6) *Trusts & Trustees* 639–644, <https://doi.org/10.1093/tandt/ttv053>; K Ronovská and V Pihera, ‘Private foundations in the Czech Republic: 10 years on the road’ (2022) 28(6) *Trusts & Trustees* 528–534, <https://doi.org/10.1093/tandt/ttac058>; V Pihera and K Ronovská, ‘Czech Private Foundations and Trusts in the Light of Recent Discussions and Case Law’ (2024) 30(6) *Trusts & Trustees* 311–315, <https://doi.org/10.1093/tandt/ttae055>.

² See V Pihera, B Havel and K Ronovská, ‘“Svěřenský fond” – a new trust-like vehicle in Czech Civil Law’ in Á Menyhei and I Sándor (eds), *A trust bevezetése Magyarországon és a nemzetközi gyakorlat/Introduction of the Trust in Hungary and the International Practice* (1st edn, HVG ORAC 2017) 185–200.

³ M Lupoi, ‘The Civil Law Trust’ (1999) 32(4) *Vanderbilt Journal of Transnational Law* 967–992, <https://scholarship.law.vanderbilt.edu/cgi/viewcontent.cgi?article=1771&context=vjtl>.

⁴ V Pihera and K Ronovská, ‘Czech private foundations and trusts in the light of recent discussions and case law’ (2024) 30(6) *Trusts & Trustees* 311–315, <https://doi.org/10.1093/tandt/ttae055>.

the article is a comprehensive analysis of the tax regime, including the tax registration process, the principle of tax neutrality, and the taxation of distributions made to beneficiaries. The article anchors these findings in related issues, such as the growing pressure for transparency, especially in connection with anti-money laundering (AML) legislation and the registration of beneficial owners.

THE *SUI GENERIS* NATURE OF THE CZECH TRUST FUND: A BASIS FOR ITS PUBLIC LAW TREATMENT

To understand the accounting and tax regime of the Czech trust fund, it is essential to first analyse its fundamental private law nature. In Czech law, the trust fund is defined as a *sui generis* entity,⁵ whose most distinctive and, for continental systems, arguably most problematic feature is its absence of legal personality. Unlike corporations, foundations, or associations, the fund is not a subject of law. It is conceived of as a dedicated pool of assets without a legal owner.⁶ Assets settled into the fund cease to be the property of the settlor and do not become the property of the trustee or the beneficiary.⁷ This creates a separate and independent mass of property, with ownership rights exercised by the trustee in their own name on behalf of the fund.⁸ This approach was affirmed by a key ruling of the Czech Supreme Court, which held in 2021 that a trust fund constitutes a “separate and independent patrimony” that is not the property of the trustee and, consequently, cannot be subject to enforcement proceedings levied against the trustee’s personal assets.⁹ With this decision, Czech jurisprudence definitively adopted the concept of an autonomous patrimony,¹⁰ rejecting alternative interpretations which would have viewed the fund as merely the segregated property of the trustee.

However, it is this very lack of legal personality that creates a fundamental tension with public law, which is predicated on the existence of subjects capable of bearing rights and obligations. Tax and accounting regulations cannot function effectively without a clearly defined taxpayer or accounting entity. The Czech legislature bridged this conceptual gap through a series of legal fictions. For public law purposes, the trust fund is *de facto* treated as a legal person. The Accounting Act explicitly defines it as an accounting entity,¹¹ and the Income Tax Act defines it as a corporate income taxpayer.¹² Similar fictions are found in other tax acts; for example, under the VAT Act, the fund is regarded as a legal person.¹³

This duality, where in private law the fund is merely property (*res*), whilst in public law it is treated as a subject

(*persona*), is the source of most of the theoretical and practical complexities associated with the Czech trust fund. It is not merely a technical legislative solution; it is a fundamental “bridge” between two different legal worlds. This dualistic nature is the key to understanding why its accounting and tax regime is so specific and why it presents such an interesting case study for international comparison. All the problems subsequently discussed stem, to a large extent, from this initial conceptual compromise.

THE ACCOUNTING REGIME

The application of accounting regulations to the trust fund, an entity without legal personality, can be a source of tension. Although the fund is established by law as an accounting entity with all the attendant obligations, its specific nature challenges, or is capable of challenging, some of the basic pillars of traditional accounting.¹⁴ Responsibility for fulfilling accounting duties logically falls upon the trustee or, if there are multiple trustees, upon them jointly and severally.¹⁵

The going-concern problem

One of the most significant potential problems is the challenge to the going-concern principle. This fundamental assumption, which underpins most accounting methods, particularly the historical cost valuation of assets and the accrual of expenses and revenues, presumes that the accounting entity will continue its activities for the foreseeable future. However, trust funds are often established for a fixed term or until a specific purpose is fulfilled,¹⁶ which inherently limits their temporal existence.

This inherent conflict with the going-concern principle raises fundamental questions to which Czech legislation provides no explicit answer. How should assets and liabilities be accounted for when it is clear that the fund will terminate its activities within a predefined (albeit distant) time horizon? In practice, one must resort to interpreting and adapting existing rules. This relates in particular to setting appropriate depreciation schedules and making provisions and allowances. As the fund approaches its termination, it seems appropriate to treat it analogously to an entity in liquidation or insolvency.

Valuation and initial recognition of assets

Another key and complex area is the valuation of assets upon their settlement into the trust fund. Correct valuation is essential to meet the fundamental requirement of accounting: to present a true and fair view of the entity’s financial position.¹⁷ While the valuation of cash is straightforward, considerable

⁵ See Section 1448 et seq. of Act No. 89/2012 Coll., the Civil Code, as amended.

⁶ See the Supreme Court of the Czech Republic, Resolution of 26 January 2022, Case No 5 Tdo 1273/2021, (2022) 74(4) *Sbírka soudních rozhodnutí a stanovisek* 511–524, R 24/2022; Supreme Court of the Czech Republic, Resolution of 15 December 2020, Case No 27 Cdo 3033/2019; V Pihera and K Ronovská, ‘Czech private foundations and trusts in the light of recent discussions and case law’ (2024) 30(6) *Trusts & Trustees* 311–315, <https://doi.org/10.1093/tandt/ttae055>.

⁷ See Section 1448(3) of Act No. 89/2012 Coll., the Civil Code, as amended.

⁸ *Ibid.*

⁹ Resolution of the Supreme Court of the Czech Republic of 26 October 2021, Case No. 20 Cdo 617/2021.

¹⁰ It should be noted that this concept is enshrined *expressis verbis* in the legislation.

¹¹ See Section 1(2)(i) of Act No. 563/1991 Coll., on Accounting, as amended.

¹² See Section 17(1)(f) of Act No. 586/1992 Coll., on Income Taxes, as amended.

¹³ See Section 4b(2) of Act No. 235/2004 Coll., on Value Added Tax, as amended.

¹⁴ See Section 1(2)(i) of Act No. 563/1991 Coll., on Accounting, as amended.

¹⁵ See Section 4a of Act No. 563/1991 Coll., on Accounting, as amended.

¹⁶ e.g. the intended beneficiary reaching a certain age.

¹⁷ See Section 7(1) of Act No. 563/1991 Coll., on Accounting, as amended.

uncertainty arises with non-monetary contributions such as shares in business corporations, real estate, or works of art. Although Czech legislation does not impose a general obligation to have assets settled into a fund valued by an expert, such a procedure is strongly recommended for several reasons. Firstly, to comply with the true and fair view principle, an objective third-party valuation is a practical necessity, especially for unique and illiquid assets. Secondly, the valuation has direct tax implications, as it serves as the basis for determining the initial cost of the asset for income tax purposes. A correctly determined asset value is also relevant for calculating potential penalties under the Accounting Act, which in certain cases are based on asset value.¹⁸ Obtaining an expert valuation is therefore a key tool for minimising legal and tax risks for both the trustee and the settlor.

Specific regulatory requirements

The accounting regime for trust funds is characterised by a certain internal contradiction, reflecting a trade-off between the need for control and the desire for discretion. On the one hand, the Accounting Act imposes stricter conditions for the mandatory audit of financial statements even on trust funds that are small accounting entities. This obligation arises if at least one of three criteria is met (total assets of CZK 40 million, annual net turnover of CZK 80 million, or an average of 50 employees), which are the same conditions as for public limited companies.¹⁹ This rule can be interpreted as a rational effort by the legislature to ensure a higher degree of control and transparency in an entity that lacks traditional internal control mechanisms, such as a general meeting or a supervisory board.²⁰

On the other hand, the same legal order significantly restricts public access to this audited information. Although the financial statements of a trust fund are filed in the Collection of Deeds of the relevant register, they are not made publicly available under the Public Registers Act.²¹ The reason is to protect the sensitive data and privacy of the settlor and the beneficiaries, which is one of the main motivations for establishing a trust fund. This illustrates that the accounting framework is not the result of a coherent concept but rather a political compromise between the conflicting objectives of transparency and the protection of privacy.

TAX ASPECTS OF THE TRUST FUND WITH A FOCUS ON INCOME TAX

The tax regime for trust funds in the Czech Republic is complex and represents the core of the legislative effort to integrate this *sui generis* entity into the existing tax system. The

system is built on a series of legal fictions and specific rules aimed at ensuring tax neutrality while preventing the misuse of the fund for tax avoidance purposes.

The tax registration process

The trustee is required to file an application for corporate income tax registration with the competent tax authority within 15 days of the fund's establishment.²² A key and unique issue is the determination of the competent local authority. As a trust fund lacks legal personality, it has no registered office, which is the standard criterion for determining local competence for legal persons. The Act on the Financial Administration of the Czech Republic stipulates that the competent authority is the Financial Office for the Capital City of Prague.²³ The registration application must be accompanied by the trust fund's statute and a separate annex providing details of the trustee(s) and all bank accounts designated for managing the fund's assets. If the assets include immovable property (a common type of asset settled into a fund to afford it enhanced protection), the competent authority for real estate tax purposes is the financial office in whose district the property is located.²⁴

The trust fund in the tax system

The status of the trust fund as a tax subject is reflected throughout the tax system. As shown in Table 1,²⁵ various tax acts address the absence of legal personality in different ways, though in some acts no special rule is needed due to the general definition of their constituent elements.

The legislation systematically creates a fiction/framework to ensure that the trust fund cannot escape the tax obligations associated with holding and managing the assets.

The trust fund as a taxpayer

The cornerstone of the tax regime is that the trust fund is a corporate income taxpayer.²⁶ This construct enables the fund to enter into tax-law relationships. In addition to being a taxpayer, the fund also acts as a tax-paying agent under certain conditions, for example as an employer or as the payer of withholding tax on distributions to non-residents.

The fundamental principle underlying the taxation of trust-related transactions is to ensure tax neutrality. In other words, the aim is for transactions conducted via the fund to have the same tax consequences as if they were carried out directly. This principle is most apparent in the settlement of assets into the fund and in distributions of a family or inheritance nature. One of the key rules is that the settlement of assets into a trust fund is treated, for income tax purposes, as a contribution to a business corporation.²⁷ This transaction is therefore not

¹⁸ For further details, see Section 37 et seq. of Act No. 563/1991 Coll., on Accounting, as amended.

¹⁹ See Section 20(1)(c) of Act No. 563/1991 Coll., on Accounting, as amended. Specifically, the provision states that a mandatory audit is required for: "small accounting entities which are public limited companies or trust funds under the Civil Code and which, as of the balance sheet date of the accounting period for which the financial statements are being audited and of the immediately preceding accounting period, exceeded or have already met at least one of the following thresholds: 1. total assets of CZK 40,000,000, 2. annual net turnover of CZK 80,000,000, 3. average number of employees during the accounting period of 50, ...".

²⁰ The appointment of a supervisory body for a trust fund (e.g., a protector or a board of protectors) is not mandatory under Czech law.

²¹ See Section 65e and related provisions of Act No. 304/2013 Coll., on Public Registers of Legal and Natural Persons and on the Register of Trust Funds, as amended.

²² See Section 39a of Act No. 586/1992 Coll., on Income Taxes, as amended; for other aspects, as the *lex generalis*, see Section 125 et seq. of Act No. 280/2009 Coll., the Tax Code, as amended.

²³ See Section 12 of Act No. 456/2011 Coll., on the Financial Administration of the Czech Republic, as amended.

²⁴ See Section 13(2) of Act No. 280/2009 Coll., the Tax Code, as amended.

²⁵ Compiled using the following legal acts: Act No. 586/1992 Coll., on Income Taxes, as amended; Act No. 235/2004 Coll., on Value Added Tax, as amended; Act No. 338/1992 Coll., on Real Estate Tax, as amended; Act No. 353/2003 Coll., on Excise Duties, as amended; Act No. 16/1993 Coll., on Road Tax, as amended.

²⁶ See Section 17(1)(f) of Act No. 586/1992 Coll., on Income Taxes, as amended.

²⁷ See Section 21f of Act No. 586/1992 Coll., on Income Taxes, as amended.

Table 1. Definition of a trust fund in selected Czech tax acts

Tax Act	Relevant Provision	Definition/Legal Fiction	Consequence
Income Tax Act	Section 17(1)(f)	A trust fund is defined <i>expressis verbis</i> as a corporate income taxpayer.	The trust fund is taxed at the standard corporate income tax rate and must follow standard rules of the Act.
Value Added Tax (VAT) Act	Section 4 b	For VAT purposes, a trust fund is regarded as a legal person.	A trust fund is a taxable person if it carries out an economic activity and becomes a VAT payer upon meeting the statutory conditions.
Real Estate Tax Act	Section 3(2) b and Section 8(2) b	A trust fund is <i>expressis verbis</i> defined as a taxpayer.	The trust fund is liable for tax on the land and buildings it holds.
Road Tax Act	Section 2(1)	Not explicitly defined but falls under the general definition of a taxpayer.	If a trust fund operates taxable vehicles, it is liable for road tax.
Excise Duty Act	N/A	Not explicitly defined.	If a trust fund were to meet the definition of a taxpayer (e.g. a producer of spirits), it would become one under standard conditions.

Table 2. Summary of selected key exempt transactions (excluding transactions with an international element)

ITA Provision	Parties and Transaction Flow	Nature of Exempt Income	Conceptual Rationale
Section 4a(b)	Trust Fund → Beneficiary (Natural Person)	Gratuitous income from property that was settled into the trust fund or added to it by acquisition for death.	Testamentary Succession
Section 19b(2)(a)	Trust Fund → Beneficiary (Legal Person)	Gratuitous income from property that was settled into the trust fund or added to it by acquisition for death.	Testamentary Succession
Section 10(3)(c)(3)	Trust Fund → Beneficiary (Natural Person)	Gratuitous income from property settled into the trust fund by the beneficiary themselves or by their close relatives.	Family Relationships
Section 19(1)(ze)	Subsidiary → Trust Fund	Dividends, if the trust fund meets the conditions of a “parent company” (shareholding requirements, etc.).	Corporate Structure/Prevention of Double Taxation

taxable income for the fund, nor does it constitute a taxable sale for the settlor. The Income Tax Act also contains several provisions that exempt specific types of income, as summarised in Table 2.²⁸

The scope of these exemptions shows that the Czech tax system seeks to reflect the main purposes of trust funds—managing family wealth and its intergenerational transfer—and to avoid taxing transactions that would be exempt if conducted outside the fund structure (e.g. inheritance or gifts within the family).

Taxation of distributions: Prioritisation of profit

The most complex and practically important area is the taxation of distributions to beneficiaries. Here, the legislature's effort to align the fund's tax regime with that of a business

corporation is fully apparent. The pivotal rule is the principle that: ‘Distributions from a trust fund shall first be made from the fund's profit, and only then from its other assets’.²⁹ This rule has a major impact, as distributions from profit and distributions from capital are subject to different tax regimes.

If a trust fund makes a distribution from profits on which it has already paid corporate income tax, this distribution is treated as the equivalent of a dividend received by the beneficiary. Distributions from the fund's other assets (i.e. the originally settled capital) are subject to a different regime. Unless exempt, such a distribution constitutes ‘other income’ for a natural person³⁰ and standard taxable income for a legal person. A comprehensive overview is provided in Table 3.³¹

Based on the foregoing, it can be concluded that trust funds are, from an income tax perspective, functionally equivalent to

²⁸ Compiled using Act No. 586/1992 Coll., on Income Taxes, as amended. The list provided does not include transactions with an international element—ie, the potential influence of double taxation treaties and other international tax regulations has been disregarded.

²⁹ See Section 21c(1) of Act No. 586/1992 Coll., on Income Taxes, as amended.

³⁰ Governed by the rules contained in Section 10 of Act No. 586/1992 Coll., on Income Taxes, as amended.

³¹ Compiled using Act No. 586/1992 Coll., on Income Taxes, as amended.

Table 3. Taxation of distributions from a trust fund to a beneficiary (Czech tax resident)

Type of Distribution	Type of Beneficiary	Tax Regime	Relevant ITA Provision
Distribution from the trust fund's profit	Natural Person	Income from capital assets, subject to 15% withholding tax.	Sections 8(1)(i), 36 ¹
Legal Person	Income from profit sharing, subject to 15% withholding tax.	Sections 18(1), 36	
Distribution from the trust fund's capital (if not exempt)	Natural Person	Taxable income, taxed under the partial tax base of Section 10.	Section 10(1)(m)
Legal Person	Income, included in the tax base.	Section 18(1)	

¹ Section 36 of Act No. 586/1992 Coll., on Income Taxes, as amended, establishes the so-called withholding tax. Its essence (with certain limited exceptions) is that the tax is deducted by the payer (the trust fund), and the subsequent payment of the net amount to the taxpayer (the recipient) is no longer subject to taxation on their part.

business corporations for use in holding structures. A settlement of assets into a fund is analogous to a contribution to a corporation. The receipt of dividends by a fund is analogous to their receipt by a parent company, and the distribution of profit from a fund is analogous to a dividend payment to a shareholder. A distribution from the fund's capital is most analogous to a distribution of a liquidation surplus. This conceptual framework demonstrates that the Czech legislature did not create *ad hoc* rules but pursued a coherent concept of tax neutrality vis-à-vis standard corporate structures.

TRANSPARENCY, SUPERVISION, AND THE PREVENTION OF ABUSE

One of the main reasons for establishing a trust fund is to achieve a greater degree of discretion and privacy in asset management.³² This objective, however, is in direct conflict with the growing international and European pressure for transparency of ownership structures, aimed at combating money laundering, the financing of terrorism, and tax evasion.³³ The Czech Republic, as an EU Member State, has implemented the AML Directive, which has had a major impact on the functioning of trust funds. The key instrument of transparency is the Register of Beneficial Owners.³⁴ The law defines a beneficial owner very broadly. In the context of a trust fund, the beneficial owner is always considered to be the settlor, the beneficiary (or the class of persons from which the beneficiary is to be appointed), the trustee, and any person appointed to supervise the fund (a protector).³⁵ If any of these roles are performed by a legal person, the beneficial owner of the fund is the beneficial owner of that legal person. The trustee is obliged to identify, maintain, and register this information.

This regulatory transparency is complemented by the proactive approach of the Czech courts in sanctioning the abuse

of trust fund structures. The case law of the Supreme Court and the Supreme Administrative Court of the Czech Republic³⁶ clearly shows that a trust fund does not provide absolute protection for assets if its establishment or administration contravenes the law or serves to circumvent legal obligations. It has been held that settling assets into a fund to frustrate creditors may constitute the criminal offence of defrauding a creditor.³⁷ In such cases, the courts consider the settlement of assets a form of “removal” or “alienation” of property. In the tax sphere, the Supreme Administrative Court has applied the abuse of rights doctrine to cases where trust funds were part of artificial international structures created for the primary purpose of obtaining an undue tax advantage.³⁸

Thus, a clear tension exists in the Czech legal environment between the legitimate pursuit of discretion and the regulatory imperative of transparency. A trust fund is certainly not a “black box” that allows for the uncontrolled and unsanctionable concealment of assets. Its ability to protect assets is conditional on a legitimate purpose and on compliance with the law. This is an important finding for international practitioners: the Czech jurisdiction, although belonging to the continental legal tradition, is actively aligning its fight against the abuse of trust-like structures with approaches known in common law, where courts have long applied equitable principles to remedy such abuse.

CONCLUSION

The decade-long existence of the trust fund in the Czech legal system provides an interesting case study of legal adaptation and innovation. An analysis of its accounting and tax regime reveals that the Czech model is characterised by a series of pragmatic, albeit theoretically imperfect, solutions, the primary objective of which is to bridge the fundamental gap between the private law nature of the fund as an entity without

³² M Vrajková, ‘Svěrenský fond a nejčastější způsoby jeho využití v České republice [The Trust Fund and its Most Common Uses in the Czech Republic]’ (EPRAVO.CZ, 1 September 2023), <https://www.epravo.cz/top/clanky/sverensky-fond-a-nejcastejsi-zpusoby-jeho-vyuziti-v-ceske-republice-116817.html>.

³³ For more information in broader context, see e.g. European Commission, *Anti-money laundering and countering the financing of terrorism* (2024) [online], accessed 29 June 2025, https://finance.ec.europa.eu/financial-crime/anti-money-laundering-and-countering-financing-terrorism-eu-level_en.

³⁴ Established by Act No. 37/2021 Coll., on the Register of Beneficial Owners, as amended.

³⁵ See Section 5a of Act No. 37/2021 Coll., on the Register of Beneficial Owners, as amended.

³⁶ The issue of the abuse of rights in tax matters is widely adjudicated and forms a consistent and robust basis for assessing issues of abuse of rights in relation to the use of trust funds.

³⁷ The criminal offence under Section 222 of Act No. 40/2009 Coll., the Criminal Code, as amended. On this topic, see e.g. Supreme Court of the Czech Republic, Resolution of 26 January 2022, Case No 5 Tdo 1273/2021, or the argumentation outlined in Supreme Court of the Czech Republic, Resolution of 16 December 2021, Case No 5 Tdo 1307/2021.

³⁸ See the Supreme Administrative Court of the Czech Republic, Judgment of 27 April 2022, Case No 2 Afs 82/2022.

legal personality and the public law requirement for a responsible subject. The legal fictions that treat the fund as a legal person are the central mechanism of this integration.

As this article has shown, this approach can lead to certain internal tensions. The accounting regime is marked by a conflict between the application of corporate norms, such as stricter audit requirements, and the fund's specific nature, which potentially challenges fundamental principles like the going-concern principle, while also demanding a high degree of discretion. The tax system, in turn, is built on a considered, though complex, attempt to achieve functional equivalence with a holding company structure, thereby ensuring tax neutrality, but at the cost of considerable complexity. Concurrently, there is strong pressure for transparency, driven by international AML standards, which curtails the original intention of the fund as an instrument for discreet asset management and is reinforced by case law that sanctions the abuse of rights.

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AUTHOR BIOGRAPHY

Karel Brychta is an Associate Professor at the Faculty of Business and Management, Brno University of Technology. His research focuses on tax law (including international and EU law), comparative tax law, and the reflection of selected tax law principles in the jurisprudence of administrative courts. He is a member of the European Association of Tax Law Professors and the Association of Accounting and Tax Advisers of the Czech Republic.