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The IFRS as Tax Base: Potential Impact on a Small Open Economy

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[\[full text \(PDF\)\]](#)

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The IFRS adoption has improved the quality of accounting information significantly. However, huge costs are incurred by all subjects involved. The process has considerable consequences for tax systems, too. State authorities are solving how to ensure the control over tax duty fulfilment under a new financial reporting system. As corporate income tax systems in code law countries are tightly bound up with accounting regulation, governments are forced to decide whether and in which way companies preparing financial statements under the IFRS shall reflect the IFRS based figures in their income tax returns. The paper focuses on specifics of a small open economy, such as the Czech Republic. Four cardinal research issues are identified, if the eligibility of the IFRS as a tax base is ruminated on. Three issues are already assessed with the reference to publicly available data; the last one needs further scrutiny, as non-public data from tax returns are needed for the analysis.

Keywords: [IFRS](#), [Small open economy](#), [Taxation](#)

JEL Classification: [H25](#), [M41](#)

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