

Czech University of Life Sciences Prague

Faculty of Economics and Management

Department of Law



Bachelor Thesis

**The comparison of legal frameworks for launching sole
proprietorship business in Russia and in the Czech
Republic**

Margarita Engel

© 2016 CULS Prague

!!!

Export your thesis assignment to PDF in IS.CZU.cz, if you already have approved thesis assignment by dean of the FEM. The front page insert instead of this text.

!!!

!!!

The back page of thesis assignment insert instead of this text.

In the case your thesis assignment is longer than 2 pages, insert he other pages too.

!!!

Declaration

I declare that I have worked on my bachelor thesis titled "The comparison of legal frameworks for launching sole proprietorship business in Russia and in the Czech Republic" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the bachelor thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on

Acknowledgement

I would like to thank Mgr. Sylva Švejdarová Ph.D., for her advice and support during my work on this thesis.

**Srovnání právního rámce pro zahájení podnikání
jednotlivce v Rusku a ČR**

**The comparison of legal frameworks for launching sole
proprietorship business in Russia and in the Czech
Republic**

Souhrn

Hlavním cílem této bakalářské práce je prozkoumat stávající regulačně - právní rámec upravující stav jednotlivých podnikatelů. A dále také srovnávací analýzy o průběhu řízení zápisu k podnikání v Ruské Federaci a České Republice. V první části práce nabízí přehled základních pojmů, vlastností a podmínek pro získání status podnikatele dle občanského práva. Druhá část je věnována analýze procesu státní registrace pro jednotlivé podnikatele a daňového systému v Ruské Federaci a České Republice. Ve třetí části práce porovnává výsledky studie obou zemí, s cílem, určit stávající problémy tohoto tématu a návrhy na zlepšení slabých stránek této oblasti.

Klíčová slova: podnikatel, právo, Občanský Zákoník, Rusko, Česká republika, podnik

Summary

The main aim of this Bachelor Thesis is to study an actual normative legal base which regulates the status of individual entrepreneurs and comparative analysis of individual entrepreneurship registration process in the Russian Federation and the Czech Republic. The first part of the thesis provides main terms, indications and conditions of individual entrepreneurship reception from the civil law treatment. The second part is devoted to analysis of specifications of the government registration process of individual entrepreneurs and taxation systems in the Russian Federation and the Czech Republic. The third part provides a comparative analysis of research results of two countries, definition of the actual problems and suggestions to strengthen the weak parts.

Keywords: entrepreneur, law, Civil Code, Russia, Czech Republic, business

Table of contents

1	Introduction	5
2	Objectives and Methodology	6
2.1	Objectives	6
2.2	Methodology	6
3	Literature Review	7
3.1	Basic Definitions	7
3.1.1	Entrepreneurship	7
3.1.2	Entrepreneur	7
3.1.3	Features for entrepreneurship.....	8
3.1.4	Administrative-legislative forms.....	10
3.1.5	Main acts.....	11
3.2	Conditions for entrepreneurial activity.....	12
3.2.1	Common conditions.....	12
3.2.2	Special conditions.....	13
3.2.3	Obstacles.....	13
3.2.4	Legal representative.....	14
4	Analytical part	14
4.1	Right to do entrepreneurial activity	14
4.2	Division of business	19
4.3	State registration as individual entrepreneur.....	24
4.3.1	State registration as individual entrepreneur in the Russian Federation....	24
4.3.1.1	Order of state registration.....	24
4.3.1.2	URSIE.....	25
4.3.1.3	FTS.....	25
4.3.1.4	Licensing.....	25
4.3.2	State Registration as individual entrepreneur in the Czech Republic.....	26
4.3.2.1	Order of state registration.....	26
4.3.2.2	CRM.....	26
4.3.2.3	The Trade Registry.....	27
4.3.2.4	Licensing.....	28
4.4	Tax base of entrepreneurial activity.....	28
4.4.1	Tax base of entrepreneurial activity in the Russian Federation.....	28

4.4.1.1	Taxation types used for entrepreneurship.....	28
4.4.1.2	General Taxation System.....	29
4.4.1.3	Uniform Tax on the Imputed Income.....	30
4.4.1.4	The Simplified Taxation System.....	30
4.4.1.5	The Patent Tax System.....	31
4.4.2	Tax base of entrepreneurial activity in the Czech Republic.....	32
4.4.2.1	Tax System applied to individual entrepreneurs.....	32
4.4.2.2	Personal Income Tax.....	32
4.4.2.3	Social Contribution.....	33
4.4.2.4	Other taxes.....	34
5	Results and Discussions.....	35
5.1	Comparative analysis.....	37
5.2	Recommendation and Suggestion.....	40
6	Conclusion.....	43
7	References.....	47
8	List of tables.....	50

1. Introduction

During last years in Russian and Czech societies lots of drastic changes have come. Both countries have done economic reforms that led to fundamental updates of Czech and Russian laws regulating sphere of economy. Entrepreneur is considered to be a main actor of market and core of every economy that is built on competition and not on monopoly of state. He produces goods and gets them to the consumer by organizing movement of these goods on different stages of turnover, gives his crevice to citizens and other entrepreneurs and subsidizes state by paying his taxes.

Entrepreneurship attracts those who want to apply their knowledge, skills and abilities in the most effective way. Entrepreneurs want to get moral satisfaction from their activities from the point of view of its efficiency for the society. They simply won't produce goods and do that kind of work when there is no demand for that.

Those who are psychologically not comfortable with submission usually decide to start their own business. They cannot work in a system where their bosses are always standing behind you and where you cannot see any results of your activity. An aspiration for freedom is a main motivation for those who decided to become entrepreneurs – financial freedom, freedom to have an ability to change and affect your position, freedom to have an influence in your own activities, freedom to have an effect in your own market niche. Freedom to make a change in your village, city or country.

Individual business will always have its market share. There are a lot of spheres where big industries are simply not needed. And there are spheres where both big and small enterprises are needed — for big and small demands. State must create necessary conditions for individual entrepreneur's activities, determine their legal status, provide support and protection.

Certain amount of individual entrepreneurship's development is present in both countries — Czech Republic and Russian Federation. But with admitting our differences in history and traditions, our social-economic and political development, we must try to differentiate legal statuses of individual entrepreneurs in Czech Republic and Russian Federation. It is relevant because both of these countries are interested to benefit from each other's achievements.

2. Thesis Objectives and Methodology

2.1 Objectives of thesis

The aim of the thesis will be to critically study, analyze and compare key features of legal frameworks for launching a sole proprietorship business in Russia and in the Czech Republic, addressing differences and issues and presenting recommendations and suggestions. The interdisciplinary study will entail a set of perspectives and will lead to the assessments of not only duties but as well the rights of entrepreneurs desiring to launch their business and potentially facing public law obstacles, including facing governmental control.

2.2 Methodology

The methodological framework of the study are general economic theories, as well as the theories of the domestic laws of the Czech Republic and the Russian Federation. The main methods of the study are comparative analysis, qualitative research and literature review.

3. Literature Review

3.1 Basic Definitions

3.1.1 Entrepreneurship

Nowadays, entrepreneurship is a global phenomenon. For all countries, the business - negligible benefits. It contributes well to the economic growth and, at the same time, business development has great benefits for the economy. Another important benefit is a job creation. The creation of new jobs increasingly contributes to small companies. It might happen that not only small traders employ unemployed people, but often they start their own entrepreneurial activity, as they could not find a suitable employment for themselves. Although this type of business does not create large numbers of jobs, it is good that such enterprises emerge, as they reduce unemployment while supporting the country's competitiveness. Entrepreneurship create innovations and encourage the technological changes and development, hence, increasing productivity. While the great competitive pressure on other companies exist, also, it is needed to introduce various improvements or innovations. By the means of the entrepreneurship the demand and supply are also balanced. (Lukesh and Jakl 2012, p. 14-15) Entrepreneurship may be defined as an activity that encompasses certain characteristics, which are needed to be met simultaneously and enable to identify whether an activity a business or not. The concept of a trade business is narrower than the concept of entrepreneurship. Under the entrepreneurship, it is needed to understand the entrepreneurship activity that is performed within the business. (Salachova 2012, p. 17-20)

3.1.2 Entrepreneur

Business activity is an economic activity. Entrepreneurship is objectively connected with certain amounts of uncertainty and instability and also with a possibility of low demand of activity's results which also means an inevitability of risk, loss of time, resources and profits.

The main actor of entrepreneurship is an entrepreneur who cooperates with:

- A consumer as the main partner
- The government which can play the roles of a partner or competitor in different situations

- Hired workers
- Partners in business

An entrepreneur is a person who organizes productive resources to produce goods and services and seeks to make profits by taking risks. (Lipsic 2006, p. 14) That's why those citizens who are engaged in any commercial activities on an episodic basis (without obtaining any legal documents that give them rights to seek this form on entrepreneurial activity) also call themselves entrepreneurs — those who are reselling goods, for example. If citizen take his part in such kind of activity part-time and he does not seek to make any profits, then he is not an entrepreneur and should not be registered as a legal entity. From a legal point of view only those who are engaged in business activities and registered can be recognized as entrepreneurs. Public laws (criminal and administrative) see business activities conducted by a person who is not registered as an entrepreneur as an illegal form of entrepreneurship. (Ershova 2008, p. 22-23)

Individual businessman (or individual entrepreneur) – is a subject of economic activity and a business entity that is formed and administered by laws for engaging citizens in entrepreneurial activities registered in accordance with the law-established procedures. Individual businessman is a citizen engaged in enterprising activity (in accordance with laws), that is done in his name and liability and that is targeted at gaining profits. (Ershova 2008, p. 18-19)

3.1.3 Features of entrepreneurship

After examining the definition of entrepreneurship deeply, we can classify it into 4 main categories which characterize activity as entrepreneurial:

Continuity, which means realization of the entrepreneurship during a particular period. However, a legislator does not determine clear criterion of continuity. That is why the following criteria are used for qualification of the activity:

- The share of profit from realization of entrepreneurship in common revenues of the person;
- Amount of profit;

- Receiving the profit for a particular amount of time during a reported period, etc.

Independence which consists of 2 components:

- administrative independence – a possibility to take decisions by yourself while running the business
- material independence – the property of an entrepreneur which allows him or her to run the business. (Lipsic 2006, p. 15-21)

Legalized character. One of the main conditions that should be met in order to conduct an entrepreneurship is state registration of its subjects. Passing of this procedure is required for legitimacy confirmation of functionality of particular person in economic turnover. Giving the registration a mandatory status, the state is aimed not only at controlling legality of creation, reorganization and liquidation of enterprise, but also at accounting participants of business activities and registration of their legal, proprietary and organizational statuses. (Guseva 2005, p. 34) A citizen has rights to conduct an enterprise without forming a legal entity since his registration as an individual entrepreneur (Russian Civil Code 1994, §23). Individual entrepreneur status can be obtained by citizens of Russian Federation, foreign citizens and stateless citizens who are living in Russia on a temporary or permanent basis. (Guseva 2005, p. 39)

Orientation on systematic profit achievement. By the word “profit” we mean revenue reduced by the amount of expenses. Nevertheless, it is also important to take into account the aim of activity of an actor and not the fact of making the profit. Activity which is orientated on profit maximization but leading to material losses is entrepreneurial as well. (Lipsic 2006, p. 15-21)

Shvarc System

The dependent work, compared to an entrepreneurship, is characterized by different features than an entrepreneurship. It is governed by the Labor Code (Czech Labour Code 2006, § 2-3) and can be conducted only on a basis of employment relations. In the Czech Republic it is forbidden by so called “Švarcsystém”. This is a situation when one entrepreneur employs a second entrepreneur on a basis of the business license. Generally speaking, such relations

are labor-law. The business conditions govern various public laws to the greatest extent, next the entrepreneurship law.

3.1.4 Administrative-legislative forms

The main distinguishing part of the enterprise in the economic theory is the administrative-legislative form. Organizational legal form is a method of using the property by the economic entity, his following legal condition and aims of the entrepreneurial activity. To make a right choice, it is needed to know main forms of the entrepreneurial activity, which exist at the legal system of the state (the Czech Republic, the Russian Federation) or communities (the European Union).

Any entrepreneurial activity is realized in form of the particular administrative form of an enterprise and can be held in 2 ways:

- Direct production of any good, product or service
- Production of intermediary functions of goods promotion from a producer to a consumer

Form of entrepreneurship – is a system of norms determining internal relations between the partners of the enterprise, from the one hand, and relations of this enterprise with the other ones and state actors, on the other hand. (Lipsic 2006, p. 33)

There are following parts of entrepreneurship:

- Individual
- Collective
- Corporative

Mentioned forms can be classified on:

- Small- and medium-scale
- Large-scale

Individual forms without creation of the juridical body in form of an enterprise refer to initiative individual entrepreneurship. The capital of an entrepreneur is not formed from his own property. The risk is spread on all his possession. All in all, individual entrepreneurship plays quite a small role in the productive sector. It is based on manual labor mainly and universal ill-conceived means of production; what is more, scientific-and-technological advance is not used sufficiently. (Ershova 2008, p. 17)

3.1.5 Main acts

One of the most important legal acts, regulating the entrepreneurial relations in Russia, is the Constitution of the Russian Federation. For the entrepreneurship, the most significant norms are those, which state main principles of the legal regulation of the area of entrepreneurship. The Article 8, § 34 of the Constitution of the Russian Federation contains the principle of the liberty of entrepreneurship activity, according to which “anyone has a right on a free use of own abilities and property for the entrepreneurial activity and any other activity, which is not against the law”. (Russian Constitution 1993, §34) The Civil Code of the Russian Federation had developed this principle in a broader way.

At the hierarchical structure of the sources of law the next important source will be the Civil Code of the Russian Federation (currently, its first, second and third parts function). This act contains a big amount of norms, regulating the entrepreneurship from the very basic definition of it, organizational legal forms of its implementation, legal status of entrepreneur’s property, up to the formation of the separate kinds of the entrepreneurial agreements. Except the Civil Code of the Russian Federation, the federal laws and secondary legislations also have a leading role in a system of sources of the entrepreneurial law. Among them, the primary role have decrees of the President of the Russian Federation and regulations of the Government of the Russian Federation. Also, the significant amount of norms of the entrepreneurial laws exists in regulations of federal executive authorities, which act in economic areas, such as the Ministry of Finance of the Russian Federation, the Ministry of the economic development and trade of the Russian Federation (MEDT of Russia) and others. (Ershova 2008, p. 34-38)

Czech Trade Licensing Act

Act No 455/1991 Coll. on Trade licensing regulates business activities in Czech Republic. It’s main goal is to set conditions for individual entrepreneur activity’s beginning and termination of its rights. This law also sets:

- Legal relations between authorities that regulate business activities and individuals & legal entities claiming for entrepreneurship activity’s approval.

- Legal relations between authorities that regulate business activities and entrepreneur that conducts these activities.
- Legal relations between authorities that regulate business activities and entrepreneur during changes or termination of business operations permission.
- Legal relations between authorities that regulate business activities and individual & legal entities that operate their business activities illegally. (Horzinkova and Urban 2013, p. 58-65)

This law determines the entrepreneurial activity as a systematic activity, which is conducted individually, from the own name, under a personal responsibility and with the aim to get the revenue in accordance with the procedure established by law. (The Trade Licensing act 1991, §2) That corresponds to the definition of the entrepreneurial activity in Russia.

- The Act No. 455/1991 Coll. Trade Licensing Act by the date 1.1.2014 have had 142 amendments. Because of this reason, it is considered to be one of the well-amended laws in the Czech Republic. It is a public standard which regulates relations between the state and entrepreneurs. Although it was amended many times in the past, there was no complete change of the concept of the Trade Licensing Act. (Horzinkova and Urban 2013, p. 70)

3.2 Conditions for entrepreneurial activity

To conduct entrepreneurial activity certain legislative conditions should be followed, and everyone should take them into account if he or she is going to start entrepreneurship. These conditions should be completed during the whole period of the entrepreneurship. They can be divided into 2 parts: common and special.

3.2.1 Common conditions:

- Full legal capacity which can be replaced with the consent of the court to the consent of the legal guardian of a minor to operate a separate business activity.

- Clean record. Person with no criminal background is a person who had no suspended sentence longer than a year. It can be proved by a certificate from criminal record, which cannot be older than 3 months.
- No debt to the state. In case if a person realized entrepreneurship before, he or she must not have any debts in the area of social and medical insurance and any other debts connected to payments to the state. The documents proving lack of debts also must not be older than 3 months and can be presented by the special organization.

3.2.2 Special conditions:

Special conditions include professional skills and qualification if the law demands them or they are needed due to the special rules. Every type of business requires particular abilities. (Kamenik, Hrabankova and Orlova 2014, p. 53-55)

3.2.3 Obstacles for entrepreneurship

Except common and special conditions for the beginning of the entrepreneurial activity, the law also determines a range of obstacles the aim of which is to protect other entrepreneurs and 3rd parties. Here we mean the cases when a private individual ran business before and did not achieve success which can be suspicious and does not allow us to trust his entrepreneurial abilities. Thus, one of the obstacles is lack of ability to perform your own responsibilities. What is more, entrepreneurial activity cannot be realized by the private individual who reached bankruptcy which lead to the fact that the Court took a decision to stop his business. Mentioned bodies cannot conduct entrepreneurship during 3 years after the decision of the Court. Trade register can reduce the term of the obstacle in case if economic conditions and actions of the private individual allow him to perform his responsibilities. Similar effect for issuing a trade authorization is also a fact that the applicant was refused in a trade license, which is a subject of a new application, the notification. This “obstacle” only lasts for a one year from the cancellation of a previous trade authorization. Considering such circumstances, if prevent the management of a business, the competition ban by the Commercial Code for statutory bodies can be emphasized, including companions individual companies, and general ban on business for some state employees, the special regulations (valid. for judges, prosecutors, military personnel). (Kamenik, Hrabankova and Orlova 2014, p. 87-90)

3.2.4 A legal representative

A legal representative is a person appointed by an entrepreneur and who is responsible for the proper operation of the trade and compliance with all regulations and who is entrepreneur in a contractual relationship with an entrepreneur. Activity is realized by a legal representative in case if an entrepreneur who is a private individual does not meet special conditions of business operation. A legal representative enables companies in field of licensed entrepreneurship, for which a particular person does not have enough skills or qualification: he or she does not meet conditions of entrepreneurship or he or she stopped to meet these conditions.

However, fulfillment of the general conditions of business operations must be always realized by an entrepreneur by himself, and he cannot be replaced by another person.

A legal representative must meet general and special conditions of business operations and cannot be appointed as a legal representative for more than four entrepreneurs. Entrepreneur who runs a business through a legal representative is required to ensure his participation in the operations of business on the appropriate level. Therefore, this relationship cannot be only formal, but it requires conditions of supervision; however, participants can adopt the contract to their needs. A legal representative can always terminate his service in the prescribed manner if the entrepreneur does not respect his advice and recommendations. This action may become an obstacle for an entrepreneur, preventing him from normal realization of business operations. However, only an entrepreneur has full responsibility for the whole business operation. (Kamenik, Hrabankova and Orlova 2014, p. 122-124)

4. Analytical Part

4.1 Right to do entrepreneurial activity

Business activity is one of many forms of activities participated by those citizens who want to engage in entrepreneurial relations. In accordance with Article 2 of the Civil Code of the Russian Federation “activity is entrepreneurial if it is carried on independently and at one's

own risk and is aimed at regular profit-making through using property, selling goods, performing jobs and providing services by persons registered in this quality according to the procedure established by the law". (Russian Civil Code 1994, § 2) "Every citizen's right to use his abilities and property for conducting business activity (or any other activity that is not prohibited by law)" is guaranteed by Article 34 of the Constitution of the Russian Federation. Citizen can pursue business activity without legal entity creation since he's registered as an individual entrepreneur by authorities.

In order to acquire this status of an individual entrepreneur, following requirements (from the point of view of civil and entrepreneurial laws) must be followed:

- legal capacity requirement;
- civil capacity requirement;
- one must have name (first name, surname, middle name if that does not contradict with local laws or national traditions);
- one must have residence address (a place where citizen live permanently or predominantly).

Citizen's legal capacity means his ability to acquire civil rights and follow his duties. It is attributed to all citizens, comes into force since his birth and ends with his death. Individual entrepreneur's legal capacity is equated to legal capacity of commercial enterprises and could be described as a common one. (Russian Civil Code 1994, §17) Individual entrepreneur has rights to conduct any type of activities that are not prohibited by laws. (Russian Civil Code 1994, §18)

There is a major difference between individual entrepreneurs and legal entities when it comes to having a legal personality. In case of individual entrepreneurs, it is determined not by legal capacity only, but also by means of having a competence — the mental capacity of an individual to participate in legal proceedings or transactions, and the mental condition a person must have to be responsible for his or her decisions or acts. Fully competent — have rights to conduct any business activities not prohibited by laws. Full competence is acquired

with adulthood age, marriage (if it happens before reaching age of adulthood) or emancipation. (Russian civil Code 1994, §21)

Separate categories of citizens are prohibited to pursue a business activity under the laws of the Russian Federation. In such cases those citizens who hold a public position cannot be engaged in forms of business activities. For example, Federal Law “On Protection of Competition” prohibits bodies of self-government from conducting any form of business activity. (On the Protection of Competition 2006) Russian citizens or foreign citizen and those who are considered to be a stateless person can carry on business in Russia. (On the Legal Status of Foreign Citizens 2002)

The right to do the entrepreneurial activity in the Czech Republic is confirmed by the Charter of Fundamental Rights and Freedoms. Every citizen has a right to conduct an entrepreneurial activity and the Commercial Code delimited other economic activity. (Charter of Fundamental Rights and Basic Freedoms, 1993) Legal regulation of the entrepreneurship by the end of 2013, as well as by the Trade Licensing Act and special law, which govern the conditions for business activities, which are excluded from the Trade Licensing Act. For entrepreneurship, it is important also other legislations, which govern the accounting area, taxes and another levies, consumer protection and labour safety. Among basic and most important regulations, governing the business activities, the business law may be included, and by the end of 2013, the Commercial Code also. The Commercial Code defines the main concepts of business, entrepreneurship, business property, business company and others. Also, regulates the labeling of commercial documents, the amount of basic capital, types of companies, conditions of formation and termination of companies. Partially, the Commercial Code also applied to competition in a case if it involves personalities other than entrepreneurs. The contractual law governed the Commercial Code. (Czech Commercial Code, 1991) However, the Commercial Code did not regulate conditions, under which a natural or a legal person can become an entrepreneur. Since 1.1.2014 the Commercial Code was canceled, broadly speaking, without the compensation.

The part of the regulation of the Commercial Code passed to the new Civil Code (Czech Civil Code 2012) and another part was permanently canceled. The part of the Commercial Code, which is dedicated to cooperatives and private capital companies recently took the law on companies and cooperatives. (Czech Business Corporations Act, 2012) A new Civil

Code has replaced dozens of laws that previously governed the various parts of life. With the introduction of the new Civil Code and the Law on commercial companies and cooperatives, the new facts have emerged that lead to the reduction of the administrative burden on businesses. The law on public register of legal and natural persons based on a fact that new persons will be able to write notaries to the register, in case the new facts will have foundation in notarial records, will bring acceleration of business activity, particularly. (On the public register of legal entities and individuals, 2013)

The new Civil Code does not define the business as such, comparing to the Commercial Code, which was in force until 2013. However, the new Civil Code defines a concept of a “businessman”. According to Act 89/2012 Coll., New Civil Code, “A person who, on his own account and responsibility, independently carries out a gainful activity in the form of a trade or in a similar manner with the intention to do so consistently for profit is considered, with regard to this activity, to be an entrepreneur.”

“A person registered in the commercial register is considered to be an entrepreneur. The conditions under which persons are subject to registration in the commercial register are provided by another statute.” “A person who is authorised to conduct his business activities on the basis of a trade or another licence under another statute is presumed to be an entrepreneur.” (Czech Civil Code 2012, § 420)

Basic changes:

On the 1.7.2008 the Act No. 130/2008 came into operation and amended the Trade Licensing Act and some other legal regulations. Among the significant changes that have influence the business community there was termination of issuing of licenses for realization of business and trading operations. Trade licenses and documents were recently replaced by statements from the Trade Register. Such document can be issued only by the Trade office. Partial or total statement from the Trade register can also emitted by public administration contact point (Czech POINT). Submission can be realized not only in the Trade office but also in the Czech POINT. Trade Office has a duty to make a registration in the Trade Register within 5 calendar days after receiving notification with all the requisite.

The next change is the fact that a legal representative can provide his professional functions not more than to 4 entrepreneurs.

There is no more need to prove professional skills nor to confirm the performed practice. Even the entrepreneurs who are just the beginners and have just finished their studies can start performing their business activity, even though they do not have a one-year practice. Modification of newly announced business introduced a new free business. One free business has replaced 125 free businesses. The name of new business is "Realization of trade and services not specified in Annexes 1 to 3 of the Trade Act" and it includes business activities which are excluded from the Trade Licensing Act as they cannot be considered as crafts nor they are bonded or the licensed. (Trade Licensing Act 1991, §3) Free business includes around 80 activities. It stipulates that entrepreneur may announce business interruption by a single announcement for any period of time.

An entrepreneur can submit an application at any Trade Office in the Czech Republic. An entrepreneur is not associated with a single local Trade Office according to the place of residence. The local jurisdiction of an administrative offense is still governed by the Administrative Procedure Code, i.e. according to place of work and residence.

The amount of administrative fees is also changed. A person who did not perform any entrepreneurial activity will pay a fee of 1000 Kč. A person who runs an entrepreneurial activity according to the Trade Licensing Act will pay 500 Kč for further business declaration. (On administrative charges, 2004)

An entrepreneur may use the functions of a central registration point without even making submissions to the Trade Licensing Office. He or she can make submissions to all competent authorities in one place. (Trade Licensing Act 1991, §45) Act no. 458/2011 changed tax rules and 1.1.2013 new obligations of entrepreneurs were confirmed. Entrepreneurs must comply with their registration obligations to the Tax Office, the new territorial department of the Tax Office only on the blanks of the Ministry of Finance. The Ministry of Industry and Trade on the basis of changes in the tax code acceded to change the blanks that were previously used by the Trade Licensing Offices. In order to ensure the smooth running of central registration points and to make sure that entrepreneurs are still able to make submissions to the territorial department of the Tax Office, it was necessary to change a single registration blank.

What is more, the age requirement of 18 years old was launched. New entrepreneur must meet the General conditions of business operation and full legal capacity, which can be

replaced with the consent of the court to the consent of the legal representative of a minor for independent operation of the business activities (Czech Civil Code 2012, §33) Legal capacity is the ability to get own legal rights and take legal responsibilities

The new Civil Code which is in force since January 2014 regulates another way of achieving incapacitation before the adulthood - marriage or granting legal capacity. Anyway, some provisions of the Act require a necessary requirement of 18 years. (Czech Civil Code 2012, §30) Legal capacity is decided by the Court from the proposition of the minor or legal representatives. Court approves the minor representatives in case of agreement of a legal representative and only if he achieved 16 years old and he has money resources. In complicated cases the court complies with the initial proposal, especially if it responds the interests of a minor representative. (Czech Civil Code 2012, §37)

4.2 “Division of the business”

Each kind of business activity requires a compliance with some certain rules during the registration as individual entrepreneur. It is important to determine concrete type of activity previously.

Small enterprises under a trade license in the Czech Republic are divided into:

- announced may operate under certain conditions on a basis of the notification;
- regulated (concession) may operate on a basis of a concession. Announced trade (business) may function with the mere declaration, however, if the declarant satisfies statutory requirements.

The consent or a decision of the licensing office is not for a trade license. This mode of formation of a trade license represents a significant liberalization of business conditions. Subsequently, the Trade Register examines whether the prescribed requirements are met. In a case when it is found out that an entrepreneur does not accomplish the determined requirements, the positive decision about the issuing the trade license may not arise. Due to these circumstances, the entrepreneur may appeal to the higher authority of the state administration, and if this application is confirmed, the entrepreneur has a right to request a

re-examination of a decision by the court. Announced business is divided on craft, bound and free. (Jakpodnikat, 2014)

The craft trades are defined for the scope of activities, which are exhaustively defined in the Annex. The craft may include locksmith, plumbing, repair of motor vehicles, model making, masonry, repair of musical instruments, etc.

Regulated trade. These trades are exhaustively listed in the Annex no. 2 of the Trade Licensing Act. For individual trades, it is obligatory to demonstrate more qualification in a selected field that can be done with the help of the special examination or certificate, issued by the government authority for professional qualifications, such as apprenticeship, secondary or university education, re-training or alternative practice in the field. The reason the test is introduced is presented in the Annex no. 2 of the Trade Licensing Act. The described activities are: mounting of the pressure equipment, inspection of lifting equipment, aircraft manufacture, repair of electrical machines, etc. Certification of this kind is not among the requirements of the state, however, to carry on the business, not only the self-employed person should be presented, but also an employee. In a case of linked, craft and licenced businesses, and if a statutory body of a registered company comply with all special requirements for carrying out trades, the company does not have to appoint a representative, but only to demonstrate this eligibility to the trade office.

Free trades. To run the free trade, it is not required to have a proficiency. To meet the general business condition may be enough.

The Trade Licensing Act does not exhaustively free trade, as in the case of regulated trades and craft, however, a list of free trades is found in the government order Act. No.140/2000. For licences trades, the trade authorization arises on a basis of a concession, i.e. state permission. The scope of these trades is exhaustively defined by the Annex of the Trade Licensing Act, which also stipulates the conditions that must be met for granting the concession.

The reason for receiving a license for realization of particular professional activities represents mainly protection of public interests from the point of view of the necessity of high professional skills and competence (e.g., production of medical device, installation of telecommunication equipment); its danger for the environment (e.g., treatment with use of

sources of radiation, manufacture of explosives, mainly of dangerous toxins and caustic, weapons and ammunition, etc.)

There is no legal entitlement on the issue of license award. However, in case of negative decision it is allowed to appeal to a higher government authority. What is more, even in cases of violation of an act from the part of the Licensing office, an applicant can ask the court to review a decision of a state body (through a making a complaint according to Civil Procedure Rules against the decision of a state body). A typical feature of licensed trade is also the fact that special trade conditions can be imposed on its operators (with limiting character). For example, from the point of view of public interest, there can be defined special business operations for certain territories (e.g., interest in public transport); therefore, license can be received only for a particular term. (Business.center, 2014)

The Trade Licensing Act determines cases, in which actualization of the entrepreneurial activity is not allowed or allowed according to a special procedure. Section 3 Act No 455/1991 Coll. “The Trade Licensing Act” have provisions that list those kinds of activities which are excluded from this law’s scope, thereby no license can be issued for them even in cases of employment. (Trade Licensing Act 1991, §3)

For instance, the activity of doctors, dentists, pharmacists and other medical workers is regulated by the Act No. 95/2004 Coll. “About the conditions of getting the confirmation of the professional qualification for a job of the doctor, dentist and pharmacist.” The activity of lawyers and notaries, etc. is also under the regulation by special prescriptions. Following area, which is not defined as an entrepreneurship, is related to the activity on a stock exchange market and other activities on financial markets. Some kinds of commercial activity are regulated by different legal rules. For example, different kinds of creative activity. The main decision is taken by a painter, whether he implements his activity on a basis of the trade license or as a free profession. Renting of property, apartments and non-residential properties is grouped into different set. It is viewed as a business only if besides renting services landlord also provides other services that ensure functionality of property, apartments and non-residential properties — for example, we can list here energy supply,

trash removal, room's cleaning. But if other services are provided, including food and bedclothes, laws regulate it as individual entrepreneur's activity.

For the Russian Federation, each separate kind of entrepreneurial economic activity has its unique ciphered code at the all-Russian Classifier of Types of Economic Activity – (ARCTEA). ARCTEA contains from four up to five digital units, differing classes and divisions. Assigned code of the individual entrepreneur (IE) classifies and determines his main kind of activity. (On the Adoption and Implementation of the ARCTEA, 2001) Formalize several diverse kinds is possible by setting apart the main activity from the additional kind of economic activity of the entrepreneur. The list of kinds of activity of the individual entrepreneur is reflected in a document for Unified State Register of Private Entrepreneurs (USRPE). Conditionally, all kinds of activity of IE may be divided into:

- common;
- activity on a base of a license;
- IE' kinds of activity demanding for approvals;
- closed or forbidden by law activity

Work, which does not require a preparation, learning and special knowledge, is related to common or main kinds of activity. It includes hurtles areas of activities, which do not harm ecology, social sector and economic development of other individual entrepreneurs. Besides, they are also considered to be secure for lives and well-being of the community. Such kinds of activities frequently comprise services, creative work' fields, advertisement and marketing, translations and private teaching practicum.

Following kinds of IE's activity are considered to be illegal if do not have a license. Registration and authorization are made on a basis of the Prescription No 45/2006 "About the licensing procedure of some kinds of activity", it is conducted by official power of the executive authority of Russian Federation, determining licensing for the IE's activity. Such kinds include: pharmaceutical activity, services of travel companies, private search activity, commercial transport of goods by maritime, railway or airline transport and others. The list of IE's activity, which needs to have approvals from controlling organs and boards of

supervision, is separately indicated at the classifier (ARCTEA). (About the licensing procedure of some kinds of activity, 2006)

To implement such kind of economic activity, it is necessary to get additional approvals from controlling organs, public health service, fire safety' inspection, Ministry of Emergency Situations (MES), veterinary and ecology services. Government services and bodies of local government issue a conclusion, which allows starting the economic activity for an individual entrepreneur. Such kinds of IE's activity include private sector of the entrepreneur, which touches the area of activity, allowed by the municipal authorities on a certain territory. To get the permission it is needed to apply to the tax administration with all necessary documents. (About the rule of registration of individual entrepreneurs by the government authorities, 2001)

Forbidden economic activity for IE determines kinds and sectors of works, the implementation of which at a certain field, prohibits any activity of the IE. The forbidden kinds include spheres, which are controlled by the government, affecting its integrity and safety of citizens. Such kinds of activity are mentioned:

- production and sales of alcohol;
- production and sales of weapons, ammunition, military equipment;
- production and sales of pyrotechnics;
- development. production, testing and repairing of aircraft equipment;
- banking activity;
- any management of assets on a stock market (it is also not possible to create capital appreciation funds, non-governmental pension funds, etc.);
- organization of gamblings;
- private security activity;
- sales of electricity;
- production of medicines (On the Adoption and Implementation of the ARCTEA, 2001)

4.3 State registration as an individual entrepreneur

4.3.1 State registration as an individual entrepreneur in the Russian Federation

4.3.1.1 Order of the state registration as an individual entrepreneur

“State registration of an individual entrepreneur – is an act of authorized federal executive body by means of adding to the state register information about acquirement of status of an individual entrepreneur by individual, cessation of their activities as individual entrepreneurs and any other information about individual entrepreneurs”. (On State Registration of Legal Persons and Individual Entrepreneurs 2001, §3)

Registration procedure of individual entrepreneurs is conducted in accordance with Federal Law № 129 of August 8, 2001. The procedure itself is very close to the procedure for registration of legal entities. It combines:

- state registration of entrepreneur;
- taxpayers’ registration at tax inspections;
- code assignment in accordance with Russian classifier of economic activities types;
- registration at extra-budgetary funds as an insurer;

State registration of individuals as individual entrepreneurs is conducted by bodies of Federal Tax Service. (On State Registration of Legal Persons and Individual Entrepreneurs 2001, §8)

Researchers of this law relations admit that state registration is aimed at state control of operations conducted by entrepreneurs, taxation, obtainment of statistics for economy's regulation, provision of access to information about business entities to all members of economic process.

4.3.1.2 USRIE

State registration of an individual entrepreneur is confirmed when record is added by authorities to the Uniform State Register of Individual Entrepreneurs or USRIE in the Russian Federation. (On State Registration of Legal Persons and Individual Entrepreneurs

2001, §5) USRIE holds different sets of information: when did citizen acquired his individual entrepreneur status, when he decided to terminate one, what he changed in previously submitted information and also about documents that give him rights to conduct his business operations or prohibit it. Entrepreneur is not obliged to provide copies of acquired licensed to bodies of Tax Service and to provide information about their termination. This work is done by licensing authorities. All information about licenses acquired by an individual entrepreneur those licensing authorities must be provided to the Federal Tax Service. Worth noting that information must be provided no later than in 5 days since any change in status of this license. Date and means of termination of enterprise are also stored at USRIE.

4.3.1.3 FTS

After state registration of an individual entrepreneur Federal Tax Service body must provide required information to the government authorities (federal executive bodies, Federal Antimonopoly Service, Ministry of Internal Affairs, Federal Financial Monitoring, Russian State Committee of Statistics, Russian Customs), extra-budgetary funds (Russian Pension Fund, Social Security Fund, Health Insurance Fund) and local authorities.

To conclude, during 5 working days (since they have received documents) tax authorities must decide will they register an enterprise if they do, they also need to add following information to USRIE. Next day after this, tax authorities staff send registration certificate to individual who want to become an individual entrepreneur.

4.3.1.4 Licensing

Individual entrepreneur has rights to conduct those business activities that are not prohibited by laws. But for separate kinds of activities (list of them is set by law) are allowed only after entrepreneur get a special permission. Here we are talking about licensing. Right of legal entity to conduct any activity that requires license is obtained only after this license is received and ends after validity of this license terminates (if other conditions are not set by any other law). Thereby, individuals are required to have special permissions (licenses) in order to conduct certain types of activities. Regulation on licensing of certain types of

activities and licensing order with certain requirements is set by the Government of the Russian Federation.

Currently these rules are set by Act № 128/2001 Coll. “On Licensing Certain Types of Activity” from 8 August 2001. In accordance with Article 2 of that law license is described as «means a special permit to pursue a specific activity in compulsory observance of license terms and conditions, which is issued by a licensor to a legal entity or an individual entrepreneur» whereas licensed activity as «an activity that requires a license on the territory of the Russian Federation under the present Federal Law ». (On licensing of some types of activity 2001, §2)

A list of the types of activity subject to licensing is precisely set at Article 17 of the Federal Law № 128-FZ. An activity for the pursuance of which a license has been issued shall be pursued only by the legal entity or individual entrepreneur which holds the license. (On licensing of some types of activity 2001, §17)

4.3.2 State registration as an individual entrepreneur in the Czech Republic

4.3.2.1 Order of the state registration as an individual entrepreneur

In order to start your individual entrepreneurship, you must pass registration in four ministries and institutes:

- Individual Entrepreneurship Department (Živnostenský úřad);
- Ministry of Finance (Finanční úřad);
- Czech Administration of Social Security (Česká správa sociálního zabezpečení);
- Healthcare Fund (Zdravotní pojišťovna).

4.3.2.2 CRM

Since 2006 those ministries that regulate individual entrepreneurship activities were declared to operate as main registering authorities (Cenralni registracni mista CRM) and only one

application for entrepreneur was required in order to pass registration process. (the Trade Licensing Act 2006) CRM's do not require from you any documents ensuring your debt-free status and lack of any criminal records on you. CRM's main principles are work efficiency and reducing time expenditures required to start your enterprise. Individual entrepreneur's registration is done by means of Common Registration Application issued by the Ministry of Industry and Trade. After getting all required data, CRM sends applications on entrepreneur's registration to corresponding authorities.

Earlier, corresponding authorities (in accordance with entrepreneur's residence address) were issuing entrepreneurship's permissions. Currently, certificates on entrepreneurship registration are no longer being issued. Nowadays, an excerpt from the Trade Registry can be used for permission. Administration fee is charged during the registration process. Since 01.07.2008, individual entrepreneur can be registered at any authorities that regulate business activities (thereby jurisdiction of other regulating departments was discontinued). Being registered at the Trade Registry, individual can already start his enterprise. An excerpt from the Trade Registry, issued by corresponding regulating authorities immediately, replaced entrepreneurship license that required 15 days of waiting. (Business.center, 2014)

4.3.2.3 The Trade Registry

The Trade Registry is a part of electronic informational system of state regulation supported by Department of Trading Licensing of Czech Republic, which is being used by municipal and regional authorities. The Trade Registry holds information about all individuals and legal entities engaged in business activities. Other information used for accounting and statistics alongside with data from other informational systems and registries is also stored at the Trade Registry. (Jakpodnikat, 2014)

Regardless of whether it is about individual or legal entity, following data is added to the Trade Registry:

- Identity data of entrepreneurship's subject or his legal representative;
- Entrepreneur's ID number;
- Sphere of activities;
- Area of business activities (excluding activities based on mobility);

- Time period of application that approves certain business activity;
- Proclamation and cancellation of bankruptcy;
- Entrepreneurship's obstacles;
- List of fines and sanctions. (Trade Licensing Act 1991, §60)

Judging from this list it is clear that most of this data plays a dramatic part in establishing business relations. Those entrepreneurs that want to get some information about their new partners could also effectively use the Trade Registry. It is separated into two different parts — one is closed to the public as it stores data about fines and sanctions and Social Security numbers. If applicant wants to get access to that part he must legally prove his interest. Other part is published freely and available for everyone. (Jakpodnikat, 2014)

4.3.2.4 Licensing

The fact that entrepreneurship is separated into two different parts — announced and concessional — plays a big role in the process of state registration (it also sets rules of entrepreneurship activity). Individuals get permission for entrepreneurship activities since its announcement. Concessional part come into law only when concession takes its legal effect.

4.4 Tax Base of entrepreneurial activity

4.4.1 Tax Base of entrepreneurial activity in the Russian Federation

4.4.1.1 Taxation types used for individual entrepreneurs

Both individual entrepreneurs and commercial legal entities are obliged to pay their taxes. One of the main questions that every beginning entrepreneur faces is connected with way of paying taxes. In case if during the state registration of after this process entrepreneur did not

choose any taxpaying system, he will be automatically obliged to the Common System of Taxation (CST).

As it is required by taxing authorities, those citizens that conduct their individual business activities must do their accounting duties and provide all necessary documents as well. According to laws, entrepreneur has rights to choose the most suitable forms of taxpaying and accounting. But it should be noted that transition from the Common System of Taxation to a more simplified analog of it, as well as return to the CST, can be done voluntarily and as it is set by laws.

Currently as the Tax Code of the Russian Federation says there are two forms of taxpaying for individual entrepreneurs: common (general) and special one. (On the basis of the tax system in the Russian Federation 1991, §3)

By general types of taxation, we mean a system of taxes, fees and duties set by the Tax Code of the Russian Federation and paid by individuals and legal entities excluding such cases when taxpayers apply so called special types of taxation.

Special taxation types include:

- The Taxation System for Agricultural Producers (Uniform Agricultural Tax);
- The Simplified Taxation System;
- The system of taxation in the form of a uniform tax on the imputed income for the individual kinds of activity;
- Patent Based Simplified Tax System.

It should be noted that all special taxation types exclude federal, regional and local taxes by a uniform tax that is computable on the date of tax reporting period. (Russian Tax Code 1998, §18)

4.4.1.2 General Tax System

General Tax System for individual entrepreneurs includes full list of taxes like Uniform Social Tax, Value-Added Tax, Personal Income Tax that are paid by entrepreneur as a taxpayer and tax agent. In case of tax calculations, individual entrepreneur has rights for

standard, social, property and work-related tax deductions. General Tax System is usually chosen by those individual entrepreneurs that operate in foreign countries and will inevitably pay Value-Added Tax to the customs authorities. Another argument for the General Tax System is applicable if most of the clients of individual entrepreneur could be described as legal entities that usually pay Value-Added Tax. (Russia-in-law, 2016)

4.4.1.3 Uniform Tax on the Imputed Income

The system of taxation in the form of a uniform tax on the imputed income for the individual kinds of activity is established by Chapter 26.3 of the II Part of the Tax Code of the Russian Federation, put into force by laws of Russian regions and federal cities of Russia (Moscow and Saint Petersburg) and is applicable like the general taxation system and other taxation systems envisaged by the legislation of the Russian Federation on taxes and fees.

The object of taxation for applying the uniform tax shall be the tax payer's imputed income. For the computation of the sum of the uniform tax shall be used, depending on the kind of business activity, the following physical indices, characterizing a definite kind of business activity, and the basic profitability per month.

Tax Base includes following types of activities:

- Personal services;
- Veterinary services;
- Services for the repairs, technical servicing and washing of transportation facilities;
- Paid parking services; (Russia-in-law.ru, 2016)

4.4.1.4 The Simplified Taxation System

Individual entrepreneurs apply the Simplified Taxation System with the General Tax System. Transfer to the Simplified Taxation System and return to the General Tax System is done voluntarily and in accordance with the Tax Code of the Russian Federation. (Russian Tax Code 1998, §26.2)

The Simplified Taxation System excludes:

- The tax on the incomes of natural persons;
- The tax on the property (as concerns the property, used for the performance of a business activity);
- Value-Added Tax.

It is possible to switch to the Simplified Tax System only at the beginning of each calendar year, after you send an application to your local tax authorities. Those individual entrepreneurs that just have passed state registration can send this application in the next five days after they are registered at the local tax authorities and use the Simplified Tax System. Entrepreneurs choose how they can pay their Unified Tax if they use the Simplified Tax System:

- 6% of their income;
- 15% of their income reduced by the amount of the outlays.

Individual entrepreneurs that have chosen the Simplified Taxation System must do accounting of their income and expenses in a separate book for Tax Base calculation. This document can be either a paper one or stored as an electronic file. In first variant it should be registered at the local tax authorities. For those individual entrepreneurs that use the Simplified Taxation System all other regulations as the order of cash transactions and statistical reporting are applied too.

Individual entrepreneur is able to switch back to the General Tax System at the beginning of calendar year. Entrepreneur must send an application in the next fifteen days after each quarter's ending. Entrepreneur can return to the Simplified Taxation System again from any other system no earlier than after 1 calendar year has passed since he switched from the Simplified Taxation System. (Russia-in-law, 2016)

4.4.1.5 The Patent Tax System

The Patent Tax System is a new type for taxpaying that was introduced in 2013 and succeeded previous combination of the Simplified Taxation Method and Patent System. The

Patent Tax System excludes Value-Added Tax, Personal Income Tax, tax on the property used for the performance of a business activity on which patent was issued to entrepreneur. The main feature of the Patent Tax System is that it is fully free from any accounting paperwork, and flexible range of dates that last for patent (from 1 month to 1 year as for calendar year is concerned) — that could be suitable for those enterprises working seasonally or temporary. Lots in individual entrepreneurs switch to this tax system for those reasons. As with the Uniform Tax on the Imputed Income, the Patent Tax System can be applied only for certain types of business activities and only after a decision made by regional authorities who also calculate potential income figures of this or that activity. The Patent Tax System uses 6% for entrepreneur's potential income. But the fact that the Uniform Tax on the Imputed Income has higher percentage (16%) does not mean that the Patent Tax System will ultimately suit your enterprise — calculations must be made before you will make a decision. (Russia-in-law, 2016)

4.4.2 The tax base of entrepreneurial activity in the Czech Republic

4.4.2.1 Tax System Applied to Individual Entrepreneurs

In the Czech Republic, there is no simplified tax system applied to individual entrepreneurs. As a result, all individual entrepreneurs are liable to pay taxes under the general tax system. The taxation of individual entrepreneurs' income in the Czech Republic is performed as the taxation of the income generated by employed persons, and the tax rates applied are the same as the ones applied to individuals, and not to corporations. (Accace, 2015) Below, the tax system applied to individual entrepreneurs in the Czech Republic will be investigated more in detail.

4.4.2.2 Personal Income Tax

The personal income tax rate applied to individual entrepreneurs in the Czech Republic is flat and amounts to 15% for worldwide income (i.e. the income generated by Czech residents not only within the Czech Republic, but also beyond its borders). The only exception is those individual entrepreneurs whose yearly business turnover does not exceed CZK 400,000: they are exempt from personal income taxation. In contrast to the Russian Federation, Czech individual entrepreneurs are only liable to submit their personal income tax return to the

responsible authorities once a year - prior to April 1 of the next year. However, this rule does not apply to individual entrepreneurs with the last accrued income exceeding CZK 30,000, and then CZK 150,000. (Meloun, 2014)

It should also be noted that the taxation of an individual entrepreneur's income in the Czech Republic is done as part of such individual's overall personal income from all possible activities whatsoever. (Accace, 2015)

4.4.2.3 Social Contributions

The system of social contribution from payroll in the Czech Republic is designed to ensure the high social standards of the population, and to provide employees with sufficient guarantees of their financial condition in case of retirement or any health issues as a result of the work process.

Table 1. System of social contributions in the Czech Republic for legal entities and individual entrepreneurs (Accace, 2014)

Social contribution	Maximum base per year	Employee	Employer	Individual entrepreneur
Pension insurance	CZK 1,296,288	6.5%	21.5%	28%
Sickness insurance		-	2.3%	1.4% (voluntary)
Unemployment insurance		-	1.2%	1.2%
Health insurance	-	4.5%	9%	3.5%
TOTAL		11%	34%	42.7% (or 44.1%)

As can be seen from Table 1 above, the total amount of social contributions for individual entrepreneurs in the Czech Republic amounts to 42.7% (or 44.1%, if sickness insurance is paid). However, in contrast to legal entities, the assessment base for individual entrepreneurs' social contributions amounts to half the personal income tax base. Also, if the amount of social contributions exceeds the maximum assessment base per year, the amount above the stated limit is exempt from any social contributions. (Accace, 2015)

4.4.2.4 Other Taxes

All individual entrepreneurs in the Czech Republic are liable to pay the value-added tax (VAT). VAT taxation is performed based on three rates equal for individual entrepreneurs and legal entities. The standard VAT rate amounts to 21%. The first reduced rate of 15% applies to foodstuffs and water supplies, hotel accommodations, medical and dental care services, cleaning of households, etc. The second reduced VAT rate of 10% applies to essential child nutrition, pharmaceutical products and books. (Vatlive, 2016)

Also, if individual entrepreneurs produce and sell products such as alcohol drinks, tobacco products, mineral oils, etc., they are liable to pay excise duties set forth in the Czech tax legislation. (Euraxess, 2016)

If an individual entrepreneur has a deposit account at a banking institution, his respective interest income is taxed at the general personal income tax rate of 15%. (Meloun, 2014)

It should be noted that in contrast to legal entities, individual entrepreneurs in the Czech Republic are not liable to pay the transport tax. However, instead of the transport tax, individual entrepreneurs who have vehicles on their balance sheet, are liable to buy the so-called road coupons (dálniční známka). (Meloun, 2014) For cars below 3.5 tons, the costs of the road coupons are the following:

Table 2. Price of road coupons in the Czech Republic, as of 2016 (Dalnicni-znamky, 2016)

Duration	Price
10 days	CZK 310
1 month	CZK 440
1 year	CZK 1,500

The coupons above are required for the use of paid highways. The use of such highways without a valid coupon results in a fine of CZK 5,000. (Meloun, 2014)

Individual entrepreneurs in the Czech Republic are also liable to pay real estate transfer tax when they sell land plots or any buildings or other real estate objects. The real estate tax amount for land plots depends on their size, location, quality and purpose of use. The real

estate tax amount for buildings depends on their ground coverage, location, use, and is multiplied by the coefficient assigned to particular Czech regions. (Euraxess, 2016)

Also, if individual entrepreneurs have their own buildings or premises, they are required to pay the property tax on a yearly basis. Such property tax is calculated based on the location, area and purpose of use of the respective premises. The amount of property tax payments may amount to up to CZK 10 per square meter for business premises. Additional charges are levied for each floor above the ground floor. Also, the required property tax payments are multiplied by coefficients depending on the region or city of location (for instance, this coefficient amount to 5 for Prague).

Taking into account the previous findings of the research, in the next part of the thesis, a comparative analysis of the registration of individual entrepreneurs in the Russian Federation and Czech Republic will be run.

5. Results and Discussion

Registration of a citizen as an individual entrepreneur gives him a special situation, which reflects rights and duties of the individual entrepreneur. It is needed to mention that the common list of rights and duties does not exist; the regulation of an entrepreneurial activity is done by numerous legislative acts of the Czech Republic, as well as of the Russian Federation. The main right of the IE is the possibility to carry out individual entrepreneurial activity in any area not forbidden by the acting law. While providing the business activity, the entrepreneur may be performed as an employer. Besides, the legislation allows the IE to open operating accounts for performing calculations with clients and suppliers. The one point should be mentioned: registration of a natural person as an IE does not deprive him from all-civil rights, which are guaranteed to citizens by states, which were selected as examples. For example, the general working experience of the citizen includes performance of the entrepreneurial activity; this allows a citizen to get a retirement pension. Also, the IE has different rights, which are provided to him in force of separate legislative acts. For instance, to get a disability pension or a retirement pension when the pension age was

reached. All these rights levy particular duties on the individual entrepreneur, which are caused by specifics of his legal status.

Different legislative acts regulate entrepreneurial activity within the implementation of the activity by them. Duties of the individual entrepreneur represent a set of actions, which the entrepreneur should implement before the society, state or another members of the economic activity. At the same time, the list of such circumstances is very broad, and has a separate character, as it is hold in a big number of the legislative acts. Among the duties of entrepreneurs several groups may be distinguished: all civil – those, which are levied upon each citizen. For instance, all men of the draft age, who are suitable for health reasons, should pass a compulsory military service; the registration as an individual entrepreneur does not exempt from this duty. Organizational legal – are connected with the organizational questions of the entrepreneurial activity' management. For example, for rendering medical services, the entrepreneur should get a license on this kind of activity. Entrepreneurial – those, which are provided for all subjects of the entrepreneurial activity. The example can be timely provided tax reports, paying taxes. Contractual – those, which the entrepreneur should fulfill under conditions of contracts concluded between the entrepreneur and clients or suppliers, etc. Labour - those, which are levied upon an entrepreneur when he acts as an employer. For example, to provide safe conditions of working, to make payment in time, etc.

Thus, in a process of activity, the entrepreneur has a wide scope of duties, which he should accomplish. The one nuance should be emphasized: it happens often that beginning businessmen try to find functions of the individual entrepreneurship. However, this search is incorrect, as an individual entrepreneur is the special legal status of the natural person, organizational legal form of a subject of the entrepreneurial activity, but not a position. That is why the entrepreneur cannot have job responsibilities. All his duties are regulated only by the law and cannot be hold in local acts. Rights and duties of an entrepreneur are under the control and protection from the side of the governmental authorities. Any individual entrepreneur has a right to address to these authorities in order to recover his rights and interests. At the same time, in case he does not accomplish his duties, it brings him to the responsibility, which is regulated by the legislation.

5.1 Comparative Analysis

In order to compare the ease and convenience of registration of individual entrepreneurs in the Russian Federation and Czech Republic, it is worth investigating the advantages and drawbacks of those procedures throughout all stages of their implementation.

On the **preliminary stage**, individual entrepreneurs wishing to be registered either in Russia or in the Czech Republic need to choose their particular type of activities to be run in their business. In the Czech Republic, the types of activities can be consulted in Annex 1 to Law No. 455/1991 Sb. In the Russian Federation, the types of activities which individual entrepreneurs may choose from are set forth in the Classifier of the Types of Entrepreneurial Activities adopted by the Federal Tax Service of the Russian Federation.

The information on the types of entrepreneurial activities is stipulated in a comprehensive way both in the Czech and Russian legislation, and therefore there are no significant differences in terms of how individual entrepreneurs in the two countries may terminate the preliminary stage of their registration, namely when dealing with the choice of their activities.

On the **second stage**, individual entrepreneurs are required to form their documentation package to be presented before the responsible public authorities. In the table below, the main documents to be collected by individual entrepreneurs before filing for registration are presented.

Table 3. Documents to be submitted to public authorities in the Russian Federation and Czech Republic for being registered as an individual entrepreneur

Russian Federation	Czech Republic
1. Police clearance certificate	1. Police clearance certificate
2. Proof of citizenship or legal residency (passport or visa)	2. Proof of citizenship or legal residency (passport or visa)
3. Property deed and owner's permission (if applicable)	3. Property deed and owner's permission (if applicable)
4. Application for registration with stated activities	4. Application for registration with stated activities
5. Receipt confirming the payment of the registration fee	5. Receipt confirming the payment of the registration fee

6. Application for the use of the simplified tax system	
---	--

As can be seen from Table 3 above, the documentation package to be submitted to the responsible authorities in the Russian Federation and Czech Republic for being registered as an individual entrepreneur are merely the same. The only difference is the fact that Russian individual entrepreneurs (if they want so) need to file an additional application for the use of the simplified tax system for their taxation. This step is omitted in the Czech Republic, as all individual entrepreneurs are taxed under the general taxation scheme.

Thus, on the stage of formation of the documentation package, there are no significant differences in Russia and the Czech Republic, and therefore it cannot be stated that either of the countries provides its citizens with more favorable opportunities to register an individual entrepreneur.

On the **third stage**, documents are submitted to the public authorities with the aim of obtaining the registration as an individual entrepreneur. On this stage, individual entrepreneurs submit all the required documents and applications to the responsible public authorities, and obtain their documents allowing them to perform particular business activities.

Table 4. Stages of the submission of documents for the registration as an individual entrepreneur in the Russian Federation and Czech Republic

Russian Federation	Czech Republic
1. Submission of the application and documents to the Federal Tax Service	1. Submission of the application and documents to any Trade License Office (živnostenský úřad)
2. Delivery of the individual entrepreneur registration certificate and Taxpayer's Identification Number	2. Delivery of the individual entrepreneur registration certificate
3. Registration with the Pension Fund	3.1. Submission of the application to the Tax Inspectorate (Finanční úřad)
	3.2. Registration with the Social Security Administration (OSSZ)
	3.3. Registration with a medical insurance company (public or private)

Table 4 above outlines the key stages for the submission of documents for the registration as an individual entrepreneur in the Russian Federation and Czech Republic. As can be seen visually from the table, the total number of steps is smaller in the Russian Federation. However, let's investigate it more in detail.

The first stage is identical in Russia and the Czech Republic and the Russian Federation, - it is the submission of documents and the application for registration. However, in the Russian Federation, all documents are submitted at once to the Federal Tax Service. As a result, the individual entrepreneur is delivered the entrepreneur registration certificate and Taxpayer's Identification Number at once in Russia. In the Czech Republic, only the entrepreneur registration certificate is delivered to the applicant. Thereafter, in Russia, it is sufficient to apply to the Pension Fund for receiving all the required documents as a payer of social contributions (to all responsible bodies, including pension contributions, health insurance, and so on). In the Czech Republic, the applicant needs to submit additional documents (after receiving the entrepreneur registration certificate): to the Tax Inspectorate (for receiving the Taxpayer's Identification Number), the Social Security Administration (OSSZ), and a medical insurance company (public or private).

Thus, the total number of registration steps and the number of procedures and authorities to deal with when registering an individual entrepreneur in the Czech Republic are greater as compared to the Russian Federation.

Now, it is worth comparing the time required to pass the registration procedures and start the business activities as an individual entrepreneur in Russia and the Czech Republic. In Russia, the Federal Tax Service delivers the entrepreneur registration certificate and Taxpayer's Identification Number to the applicant within 5 days after the initial submission of the application and all documents. The registration with the Pension Fund takes not more than 10 days. So, the maximum duration of the total registration procedure before the individual entrepreneur may proceed to the start of his business activities amounts to 15 days in Russia.

In the Czech Republic, the Trade License Office delivers the individual entrepreneur registration certificate within 7 days after the initial submission of the application for the registration as an individual entrepreneur. The delivery of the Taxpayer's Identification Number by the Tax Inspectorate takes up to 30 days (generally, it occurs more quickly, but the deadline stipulated in the legislation is 30 days). The registration with OSSZ and with

the medical insurance company takes 8 days, but this process can be combined with the procedures with the Tax Inspectorate. Therefore, in aggregate, the entire registration procedure for an individual entrepreneur in the Czech Republic may take up to 37 days.

So, the greatest differences in the registration of an individual entrepreneur in the Russian Federation and Czech Republic exist on the stage of the completion of all registration procedures. While the financial expenditures for registering an individual entrepreneur in the Russian Federation and Czech Republic are rather comparable and negligible, there are significant differences in the number of bureaucratic procedures to be passed and in the amount of time required for passing them. In those terms, the Czech Republic loses significantly to the Russian Federation. For instance, an applicant for the registration as an individual entrepreneur in the Czech Republic needs to deal with as much as four different public authorities and/or private companies (medical insurance) prior to completing the registration procedure. In the Russian Federation, there are only two public authorities with which formal procedures need to be passed.

This is a major advantage of the Russian Federation, as it allows sparing time significantly, and also allows avoiding redundant bureaucracy with the submission of applications and registration forms. In Russia, for getting the certificate as a payer of social contributions it is sufficient to pass the registration with the Pension Fund, while in the Czech Republic, three different instances need to be visited and contacted for the same purpose. Also, while in Russia, the provision of the individual entrepreneur registration certificate and Taxpayer's Identification Number belong to the same process, in the Czech Republic, they embrace two different processes and different procedures, which makes the registration procedure more rigid and less effective in the Czech Republic.

Taking into consideration the advantages and drawbacks of the Czech and Russian individual entrepreneur registration systems described above, in the next chapter of the thesis, recommendations will be developed.

5.2. Recommendations and Suggestions

Prior to providing recommendations to either of the countries in terms of the ease of registration as an individual entrepreneur, it is worth investigating the World Bank Group's data on the ease of doing business in Russia and the Czech Republic.

Table 5. The positions of Russia and the Czech Republic in the Ease of Doing Business Ranking in 2016 (DoingBusiness, 2016)

	Russian Federation	Czech Republic
1. Overall position in the ranking	51	36
2. Position in the ease of starting a business	41	93
3. Number of procedures for registering a business	5	8
4. Time required for registering a business (days)	12	15

Table 5 above shows the World Bank Group's data pertaining to the ease of starting a business in Russia and the Czech Republic. They do not relate solely to individual entrepreneurs, but also embrace legal entities. However, those data are illustrative for the purposes of this research.

Namely, as can be seen from the Table, the Czech Republic ranks higher in terms of the ease of doing business as compared to the Russian Federation, which is achieved thanks to the greater transparency of business and lack of unjustified intervention on the part of public authorities. However, in terms of the ease of starting a business, the Czech Republic loses significantly (93rd place against Russia's 41st). Such a great discrepancy is due to the greater number of procedures and greater time required for registering a business. So, it can be stated that the same problems exist with the ease of registering an individual entrepreneur and a legal entity in the Czech Republic. This might significantly lower the country's overall economic potential due to the limited interest on the part of economic subjects, including both Czech citizens and foreigners wishing to start their business as individual entrepreneurs in the Czech Republic.

In order to improve its attractiveness for individual entrepreneurs, the Czech Republic should focus on improving its ease of registration of such individual entrepreneurs. In this context, two main goals are required to be achieved: on the one hand, the number of bureaucratic procedures should be diminished, and on the other hand, the time required for an individual to start his business activities should be lowered. Let's investigate more in detail how those goals may be achieved.

First of all, the Czech Republic should seek avoiding redundancy in the submission of applications and other documents for being registered as an individual entrepreneur. First of all, the country could borrow Russia's model of initial registration, where all documents are submitted to the tax authorities, and the applicant thereafter receives his individual entrepreneur registration certificate and Taxpayer's Identification Number at once. This scheme seems more congruent, ergonomic and effective. As seen on Russia's example, it indeed allows avoiding excessive time expenditures. Thus, the Czech Republic could benefit from the re-partition of responsibilities, and the provision of the Tax Inspectorate with all functions related to the initial registration of individual entrepreneurs.

At the same time, the Czech Republic could also use Russia's model for uniting the submission of all documentation related to the payment of social contribution to a single governing body, namely the Pension Fund. This could reduce the workflow, spare significant time amounts for individual entrepreneurs, and on the other hand, this could also allow reducing the government's expenditures on the expensive maintenance of the entire apparatus required for the registration of individual entrepreneurs as social contribution payers with three different instances.

This could require amendments and changes to the Czech legislation, but in the long run, doubled by the vast availability of computer technologies and e-government, this could reduce to the least the time expenditures required for individual entrepreneurs to be registered in the state, and could also allow them avoiding a great number of excessive bureaucratic procedures.

As for the Russian Federation, the situation is much better with the ease of registration of individual entrepreneurs, even though significant issues exist in the ease of their subsequent business activities. The main recommendation for the Russian Federation to improve the current situation could be to focus on the greater implementation of online and digital technologies in the individual entrepreneurship applicants' relations with the public authorities. Namely, persons wishing to be registered as individual entrepreneurs should be provided with the best opportunities to send all their registration documents and run all communication with the responsible authorities using computerized workflow, which could allow minimizing the time and financial expenditures not only for the individual entrepreneurs themselves, but also for the state budget in general.

The two states could also focus on the analysis of the best practices of Western European countries or other developed states around the globe, where the respective bureaucratic procedures are reduced to the minimum, and the time required for starting an individual entrepreneurship is indeed short. The adoption of progressive legislation could be of utmost importance to maximizing the ease of starting an individual entrepreneurship in the Russian Federation and Czech Republic.

If the two states are able to effectively implement the suggestions and recommendations provided above, they will be likely to raise considerably their attractiveness for doing business for individual entrepreneurs, which is a key step on the way toward boosting effective economic development through intensified activities of small and medium-sized businesses.

6. Conclusion

In the current conditions of global economic development, the activities of economic entities play an essential role in the satisfaction of all customers' wants and needs, and moreover, such entities contribute to the anticipation of the main trends to dominate the field of global consumption.

Different types of entities exist in the international commercial practice, and companies may differ by administrative and legislative form, size, turnover of activities, field of business, and a number of other key parameters. All types of companies perform their specific role, and for achieving the best satisfaction of all customer needs, both large international corporations and small-scale enterprises are required. While major multinational corporations serve for delivering goods around the globe, develop new technologies, set industry standards, and so on, small- and medium-sized entities rather focus on satisfying demand locally, and are more flexible in terms of their commercial activities.

Individual entrepreneurs represent a specific category of small-scale businesses performing their commercial activities in different economic sectors. In fact, individual entrepreneurs are self-employed individuals, and not legal entities, but they may as well hold their own staff, premises, assets, and a range of other identifiers traditionally inherent of legal entities. The activities of individual entrepreneurs are small-scale, and thus they are much important for satisfying the demand of customers in particular local areas. At the same

time, for the state, individual entrepreneurs play an important role as contributors to the population's rate of employment and to the state budget.

For the purpose of boosting the intensity of economic activities in the field of small-scale individual entrepreneurship, the public authorities of any states are required to create the most effective and favorable conditions allowing individual entrepreneurs running their business without any excessive formal obstacles or excessive tax burden.

The data investigated in the course of this research allow confirming that the choice of the most effective conditions for the registration of various businesses are of the greatest importance to the economic prosperity of any state. This is particularly true when speaking of individual entrepreneurs mostly representing the segment of small and medium-sized business, as it is right the small and medium-sized companies which ensure the most flexible development of the national economy, ensuring the best satisfaction of all customers' needs.

The ease of individual entrepreneurs' registration depends on two key factors: the complexity of bureaucratic procedures (including the number of public bodies to deal with and the ease to pass the aforesaid bureaucratic procedures), and the time required to complete the registration process. On the stage of the performance of their business activities, individual entrepreneurs may face a number of other important factors preconditions the effectiveness of their entrepreneurship, namely the level of the tax burden imposed, and the level of the government's intervention in the market activities.

The comparison of the conditions created for the activities of individual entrepreneurs in Russian and the Czech Republic as of today allow stating that both countries have significant room for improvement, and could significantly win from further easing all procedures pertaining to the registration of persons as individual entrepreneurs. However, there are some particularities and individual features of the legislative and taxation regimes in the two states which make prominent the discrepancies in the treatment of individual entrepreneurs and their respective activities performed in the business sector.

Namely, when investigating the ease of doing business for individual entrepreneurs in the two states, it should be pointed out that the Russian Federation provides easier registration to individual entrepreneurship applicants as of today. The total number of bureaucratic procedures is smaller as compared to the Czech Republic. At the same time with the smaller number of bureaucratic procedures in Russia, it is worth noting the smaller

number of public authorities which an applicant for individual entrepreneur is to deal with. Also, the time required for completing the registration process is shorter.

All in all, the data analyzed in this research have revealed that the situation with the ease of registration of individual entrepreneurs is better in the Czech Republic as compared to Russia. The shorter time for registration, smaller number of formal procedures, avoidance of redundancy in the communication with the registration authorities, etc. are those advantages of the Russian Federation which make the field of individual entrepreneurship more attractive in it as compared to the Czech Republic. However, it should be noted here that we only speak of the ease of registration in this context. Russia has much deeper problems with the ease of doing business for individual entrepreneurs on the stage of direct activities, including excessive corruptions, bribery, the government's tight control over the business activities, dealings with a great number of different bodies for resolving ongoing issues, and so on.

Going back to the ease of registration of individual entrepreneurs, the main issue in Russia which should be improved is the excessive use of paper workflow and direct meetings of individual entrepreneurs with the public authorities, which creates preconditions for corruption. The greater use of computerized and electronic workflow could contribute to the resolution of this issue. Moreover, the greater emphasis on the computerization and automation of the registration procedures could not only spare time for individual entrepreneurs, thus making business activities in the country more attractive to them, but also may contribute positively to the state budget, as this would allow avoiding excessive expenditures on paper workflow, maintenance of staff, and so on.

As for the Czech Republic, deeper improvements are required. Namely, the country could benefit from combining the procedures of getting the individual entrepreneur registration certification and the Taxpayer's Identification Number by merging the function of their delivery within a single body (for instance, the Tax Inspectorate): this could allow avoiding excessive redundancy and time expenditures. Moreover, taking into account the low level of corruption in the country as compare to Russia, the simplification of the registration procedures could further enhance individual entrepreneurs' confidence in the Czech authorities, which may be essential for boosting the economic activities of foreign individual entrepreneurs. Similarly, the provision of all certificates confirming the individual entrepreneur's readiness and ability to pay social contributions could be merged within a

single body, instead of the complex procedure with three different registration processes existing as of today. The greater use of electronic workflow could be another important direction for achieving greater interest on the part of individual entrepreneurs in running their business activities in the Czech Republic.

Also, on the stage of the performance of individual entrepreneurs' activities, the tax burden is significantly higher in the Czech Republic as compared to Russia. Not only the tax rates are higher, but also the Czech Republic lacks the simplified tax system which exists in the Russian Federation. The Czech authorities might benefit from considering the opportunity of implementing a specific, simplified tax regime for individual entrepreneurs as specific subjects of economic activities, with the aim of boosting the intensity of individual entrepreneurship in the country.

Both the Czech Republic and the Russian Federation could benefit from the analysis of the Western European countries' current practices in the field of control over and monitoring of individual entrepreneurs' commercial activities with the aim of adapting the legislation best to the current trends and tendencies in individual entrepreneurship, and for boosting the state's benefits associated with it.

The findings of this thesis should be of interest to researchers dealing with the investigation of the registration procedures for individual entrepreneurs in different countries around the globe, and could be used as a roadmap for building up an effective research scenario.

7. References

Bibliography:

1. Ershova, I. (2008) *Business Law*, 5th edition, Moscow: Prospect.
2. Guseva, T. and Larina, N. (2005) *Individual entrepreneur: from registration to business interruption*, 3rd edition, Moscow: Yustitsinform.
3. Horzinkova, E and Urban, V. (2013) *Trade Licensing Act and related regulations*, 13th edition, Praha: Linde.
4. Kamenik, P., Hrabankova, M. and Orlova, M. (2014) *Trade Licensing Act. Act on trades licensing offices. Comments*, 1st edition, Prague: Wolters Kluwer.
5. Lipsic, I. (2006) *Economics*, Moscow: Omega-L.
6. Lukesh, M and Jakl, M. (2012) *Business in the Czech Republic*, Praha: Oeconomoca.
7. Salahova, B. (2014) *Business Law*, 1st edition, Ostrava: Key Publishing.
8. Sarbash, S. (2002) *Commentaries to the main principles of Federal Law "On State Registration of Legal Persons"*, Moscow: Economy and Law.
9. Zlobina, L. and Stazhkova, M. (2008) *Tax optimization of the economic entity*, 6th edition, Moscow: Academic Project.

Normative Sources:

1. Act No 455/1991, Coll., *the Trade Licensing Act of the Czech Republic*, as amended.
2. Act No 513/1991 Coll., *the Commercial Code*
3. The Constitution of Russian Federation (was Adopted at National Voting on December 12, 1993), as amended.
4. Act No.2/1993 Coll., *Charter of Fundamental Rights and Basic Freedoms*, as amended.
5. Act No 51-FZ/1994, Coll., *the Civil Code of the Russian Federation*, as amended.
6. Act No 146-FZ/1998, Coll., *the Tax Code of the Russian Federation*, as amended.

7. Act. No. 128-FZ/2001 Coll., *On licensing of some types of activity*, as amended.
8. Act. № 129-FZ/2001 Coll., *On State Registration of Legal Persons and Individual Entrepreneurs*, as amended.
9. Resolution of the State Standard of Russia No. 454-a/2001 Coll., *On the Adoption and Implementation of the ARCTEA*, as amended.
10. Act No. 115-FZ/2002 Coll., *On the Legal of Foreign Citizens in the Russian Federation*, as amended
11. Act No. 634/2004 Coll., *On administrative charges*, as amended.
12. Prescription No. 45/2006 Coll., *On the licensing procedure of some kinds of activity*, as amended.
13. Act No. 135–FZ/2006 Coll., *On the Protection of Competition*, as amended.
14. Act No. 262/2006 Coll., *Labour code of the Czech Republic*, as amended.
15. Act No. 280/2009 Coll., *the Tax Code of the Czech Republic*, as amended
16. Act No 89/2012 Coll., *the New Civil Code of the Czech Republic*, as amended.
17. Act No. 90/2012 Coll., *Business corporations*, as amended
18. Act No. 304/2013 Coll., *On the public register of legal entities and individuals*, as amended.

Online sources:

1. Accace.com [online] Accace.com, 2015 [cit. 27.10.2015] Available at: <http://accace.com/file/142637/15-10-27%20Tax-Guideline-2016-Czech%20Republic.pdf>
2. business.center.cz. [online] [cit. 3.2.2014] Praha: business.center.cz, 2014, Available at: <http://business.center.cz/>
3. dalnicni-znamky.com. [online] [cit. 1.3.2016] dalnicni-znamky.com, 2016, Available at: <http://www.dalnicni-znamky.com/dalnicni-znamka-ceska-republika.html>

4. doingbusiness.org. [online] [cit. 1.3.2016] doingbusiness.org, 2016, Available at: <http://www.doingbusiness.org/data/exploreeconomies/czech-republic/#starting-a-business>
5. euraxess.xz. [online] [cit. 1.3.2016] euraxess.xz, 2016, Available at: <http://www.euraxess.cz/euraxess-services/incoming-researchers/tax-system/>
6. iPodnikatel.cz. [online] Zlín: iPodnikatel.cz, 2011, [cit. 3.2.2014] Available at: <http://www.ipodnikatel.cz/>
7. Jakpodnikat.cz [online] Brno: Jakpodnikat.cz, 2014 [cit. 15.2.2014] Available at: <http://www.jakpodnikat.cz/>
8. meloun.ru. [online] [cit. 16.8.2014] meloun.ru, 2014, Available at: <http://www.meloun.ru/immigraciya-v-chexiyu/nalogi-v-chexii/>
9. nalog.ru. [online] [cit. 1.3.2016] nalog.ru, 2016, Available at: https://www.nalog.ru/rn77/related_activities/registration_ip_yl/registration_ip/order/
10. Podnikatel.cz. [online] Praha: Podnikatel.cz, 2014, [cit. 3.2.2014] Available at: <http://www.podnikatel.cz/>
11. russia-in-law.ru. [online] [cit. 9.01.2016] russia-in-law.ru, 2016, Available at : <http://russia-in-law.ru/>
12. vatlive.com. [online] [cit. 1.3.2016] vatlive.com, 2016, Available at: <http://www.vatlive.com/country-guides/czech-republic/czech-vat-compliance-and-rates/>

8. List of Tables

Table 1: System of social contributions in the Czech Republic for legal entities and individual entrepreneurs	1
Table 2: Price of road coupons in the Czech Republic, as of 2016	2
Table 3: Documents to be submitted to public authorities in the Russian Federation and Czech Republic for being registered as an individual entrepreneur	3
Table 4: Stages of the submission of documents for the registration as an individual entrepreneur in the Russian Federation and Czech Republic	4
Table 5: The positions of Russia and the Czech Republic in the Ease of Doing Business Ranking in 2016	5