

TAX OPTIMIZATION, TAX AVOIDANCE OR TAX EVASION? CONTRIBUTIONS TO THE OFFSHORE COMPANIES' LEGAL BACKGROUND

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ABSTRACT: *Is it a legal or illegal activity to give money to establish offshore firms? What is the offshore practice is it a method of tax optimization, tax minimization or is it a harmful activity, which means tax avoidance or tax evasion. This question is very important in the European Union's tax law system, because the EU tax law is against the harmful tax competition. Some member states' legal system is permitted to use offshore companies' rules, but in the European Union it is prohibited to establish offshore firms in a member state. In the EU the offshore companies and tax paradise is a prohibited part of the battle against the harmful tax competition. In this paper the offshore companies' legislation and solves of Hungarian tax law will be examined. The focus also will be put on the following question: which were the rules of offshore companies in Hungarian law – 'taxable person operating abroad'. The problems of tax avoidance or tax evasion are always the most important question in the tax legislation and in theoretical background.*

KEYWORDS: *tax optimization, tax avoidance, tax planning, tax evasion, offshore, EU tax law*

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