

## **ABSTRACT**

The article reviews the economic literature about general anti-avoidance rule (GAAR). In particular it pinpoints such issues as: the reasonability of standard-based approach against the rules-based approach in anti-avoidance regulation, the role of the legal system in which the clause is used and the weaknesses associated with the application of the clause in practice. In subsequent part, the results of a limited number of quantitative studies are presented with special focus on: the choice of court premises in assessing the merits of the GAAR and the impact of such regulation on foreign investment and the formation of subsidiaries in other countries. The final part concludes with an analysis of factors conducive to the introduction of the GAAR in a tax system.

**Keywords:** General Anti Abuse Rule, tax avoidance, economic analysis of the law