

## REGULATION OF TAX PREFERENCES AND STATE AIDS IN THE EUROPEAN TAX LAW – A CASE STUDY

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**ABSTRACT:** *What is the connection of State Aids ( aids granted by the state) with tax preferences in EU tax law? What is the criterions of the compatible and incompatible State Aids in the European tax law? In the EU the State Aids are forbidden and incompatible with the law of EU, because they distort the internal market, and distort the competition. Tax preferences work same as State Aids, they may drive to harmful tax competition, and discrimination. To give tax allowances, preferences, tax deduction or State Aid to the foreigners or to selective subjects are prohibited in the fight against of harmful tax competition. In this study I try to highlight the elements and criterions of the definition of incompatible State Aids and tax allowances in EU law, demonstrating it through the judgement of the Court of the European Union, demonstrate these criterions in a case study.*

**KEY WORDS:** *European tax law, incompatible and compatible state aids, aid granted by the state, incompatible tax preferences*

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