

**STATE AIDS CONNECTION WITH TAX COMPETITION
REGARDING THE PRINCIPLE OF SUBSIDIARITY
IN THE EUROPEAN TAX LAW**

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ABSTRACT: *This study examines the connection between the State aids and tax competition and what functions in this link: the prevalence or the subsidiarity of the EU? We analyse the incompatible State aids, the elements of the definition with introducing the newest notice of the Commission (2016) and the case of the Court of Justice of the EU. This Study analyses the condition of the harmful tax competition. The State aids and harmful tax measures are closely related to each other, but the problem is, that the regulation of State Aids is in the primary competence of the EU, while the tax measures are under the competence of the Member States, and in this case the EU' competence is based on the principle of subsidiarity. The Commission's Notice 2016 helps in order to terminate the tax measures and State aid with collection of Court cases of the EU and with the interpretation of concepts relating to tax measures and State aid.*

KEYWORDS: *State aids, (harmful) tax competition, subsidiarity of the EU, tax measure, tax preferences, tax advantage,*

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