

Ábel Czékus

**RELATIONSHIP BETWEEN CORPORATE TAX AND STATE AID IN THE  
EUROPEAN UNION MEMBER STATES**

*PhD dissertation theses*

Szeged, 2019



**University of Szeged**  
Faculty of Economics and Business Administration  
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## About the topic

In the 1990s considerable changes took place in international economic relations. These processes affected European Union Member States due to their integration into the world trade. The headway of globalisation, bias in the production factors (especially in the capital, human resources and information), acceleration of capital mobility, change of economical-political regimes of the Central European countries posed challenge and opportunities at the same time for the reshaped European integration. As the main external challenge we mention the pinch of markets in the less competitive, human resource intensive and primary products industries; these processes, however, contributed to the engrossment of the European integration and the establishment of the monetary union. Therefore, changes in the international economy have contributed to the reconsideration and deepening political cooperation in the European Union.

The dissertation discusses political pillars of market economies, namely competition policy and taxation. It assumes that development of these policies affects the functioning of the single market in economic sense. Due to often articulated requisites these policies should contribute to the adoption of harmonised mechanism in market regulation regarding the scale of economies, the allocative, productive and dynamic efficiency (Motta 2007), effects resulted by the liberalisation of public purchases and investment (Lipsev 2000; Kokko 2006) and taxation of intra Community transactions (Devereux – Pearson 1995). As a Community level response the principle of *more economic approach* emerged in the field of State aid. Competition policy has become a common policy in the sense of legislation. State aid policy, evolving of trusts, abuse of dominant position and, summarisingly, enshrining the straightness of competition requires a powerful enforcement of these rules. Out of these, State aid regulation is a special field since its subject is the Member State that enjoys the full right of shaping taxation rules, respectively.

Competition policy is one of the common policies already incorporated into the Treaty of Rome, State aid control has become part of the *acquis communautaire* that time. The Community level State aid policy has served the goal of avoiding competition in granting aids by the Member States. In the initial years of the integration taking control on certain enterprises was a crucial issue due to the subsidies to national champions. This period the competitiveness was supported by looser merger regulations.

There were no considerable amendments in State aid regulations. According to Article 107 of Treaty on the Functioning of the European Union (EB 2007) aid provided by the Member States or originating from state resources are incompatible with the single market provided they are favouring certain undertakings or the production of certain goods and thereby distort competition in so far as it affects trade between Member States. State aid is prohibited in the existence of the four conditions. Exceptions, however, were included already into the Treaty of Rome. Further deviations from the main prohibition are articulated by the interpretation of the European Commission; these readings rather contribute to the clear interpretation of rules than the loosening of State aid provisions. The crisis commenced in 2008 led to a small shift, but these measures were controlled and of temporary nature. Regarding the crisis it is notable that we encompass only non-crisis aid since we consider crisis aid as a response on a unique shock. In the dissertation we review State aid definitions of international organisations and discuss the main features of the European Union legislation. Principally the selectivity criteria may count inasmuch as preferential tax treatment or the reduction of tax burden may result in prohibited State aid.

Contrary to the State aid policy taxation of income is not a Community policy. In the field of direct taxation the standardisation is remote. This has two reasons. On one hand, taxation is one of the factors of competitiveness and, on the other hand, “harmonisation” in direct taxation has not been a necessary prerequisite of the smooth functioning of the single market. The Treaty of Rome foresaw to make corporate taxation a common policy only to the extent it was necessary to the appropriate operation of the single market. Therefore, it does not exist such a harmonisation regarding corporate taxation like it is in the field of indirect taxes (value added tax, customs, excise duty); legislative steps are rather evaluated as the approximation of national legislations. We admit initiatives on the setup of the methodology of common corporate tax base (determination of tax base, increasing and decreasing items of tax base and due tax), but we note that the European Commission takes efforts on the unification of rules linked to corporate taxation enforcement. In the framework of this commitment numerous directives have been adopted. Nowadays the emphasis is being transposed on combatting base erosion and profit shifting; one of its most prominent instruments is the exchange of tax information – also discussed in the dissertation. By the exchange of information and under the supervision of the

European Commission a comprehensive overview would be got on the business attitude of multinational enterprises and Member States' conduct in taxation.

There is a considerable difference between competition policy and tax policy but, however, they are interrelated in budgetary sense. State aid policy, as a part of the common competition policy, creates the internal framework of the single market. For the sake of maintaining equal business environment throughout the single market the European Commission scrutinises the provision of State aid granted by the Member States. This attitude serves fiscal policy considerations, too. State aid fastens to corporate taxation at this point as State aid emerges at the expense side whereas corporate tax is one of the traditional income sources. In the dissertation we focus on taxation attitudes that potentially raise State aid issues or exert impact on it. We pay predestinated attention on taxation schemes that pose particular risk on State aid regulation; we argue that a well shaped tax system may easily result in prohibited State aid. Therefore, it often occurs only a slight difference between tax incentives and State aid measures.

Notices and decisions of the European Commission and the case law of the European Court of Justice are orientations in the determination of Member State sovereignty in State aid. Usually, the subject of these acts is decision making on profit sharing and selectivity. Therefore, we review recent Commission decisions and Court judgements.

We mention a further feature in the section of State aid and corporate taxation. As a result of tax competition among Member States the rate of corporate tax has been considerably decreased in last decades; this puts Member States under pressure in fiscal sense inasmuch as corporate tax revenues put up the coverage of State aid expenditures to a shrinking extent (provided *ceteris paribus* personal scope of corporate tax). From the perspective of enterprises this reflects that they have got into a dominant position up to Member States once low tax burden is accompanied by constant level of State aid. In the light of this we also scrutinise impacts of corporate tax rates on the extent of State aid.

## **Objectives of the research, hypotheses and structure of the dissertation**

State aid policy and corporate taxation considerably differ in the persons of legislators, subjects, budgetary impacts and implicate different real economic outcomes (table 1). Due to the high number of States examined normative aspects of State aid and corporate tax are scrutinised;

corporate tax's national features are observed to the extent necessary for correct understanding. Our goal is to describe interactions of regulatory policies and listing State aid criteria mostly impacted by corporate tax rules. In the section of these policies are set regulatory practices that may provide illegal State aid and impact the undistorted functioning of the single market.

*Table 1:* comparison of several criteria of State aid policy and corporate taxation

| <i>critierion</i>                        | State aid  | corporate taxation  |
|--|--|---|
| Legislative competence of the policy     | exclusive EU competence  | exclusively national competence, with respect to EU norms |
| Policy executor                          | shared competence  | Member State, in cooperation with other MSs               |
| Role of the EC                           | supervisory  | intitative  |
| Budgetary effect (in relative terms)     | slowly decreasing, in the expenditure side                     | decreasing or stagnant, on the revenue side               |
| Impact on competitiveness                | decreasing in short term, considerably increasing in long term | depends on the determination of tax base                  |
| Impact on the ability to attract capital | considerable, but decreasing                                   | considerably in some of the States                        |

*Source:* own edition

The first hypothesis covers the corporate tax rate. Member States are free to set the rate, there is no minimum or maximum limit. We expect a decrease in corporate tax rates taking into account that the tax's revenue creating function is played down and it constitutes only 5-10 percent of Member State revenues. Emphasis is being put on supplementary goals like investment incitement, research and development, increased value added output and job creation. The rate of the tax is a reflection not only of the taxation system but it is indeed an evidence of international economic developments.



**Hypothesis 1:** European Union Member States are featured with decreasing corporate tax rates during the period scrutinised.

In the empirical research we examine interactions between GDP-proportionate State aid and the measure of corporate tax. The aim is to identify motivations behind the variation and movement of indices. In the dissertation we compare GDP-proportionate State aid provided to enterprises and tax burdens on corporate incomes. Regarding corporate taxes we examine both the statutory and effective tax rates as there might be considerable difference between the rates. The reason for this is originating in the methodology of calculation the tax base or tax liabilities. The hypothesis suggests that decreasing tax rates are coupled with decreasing GDP-proportionate State aid, i.e. Member States distract less in the form of tax but provide less support to enterprises in the form of State aid. We think lowering the tax rate entails lower demand on State aid and this is beneficial both for the State and enterprises. On one hand, this is a general, non selective manner of support by the Member States. On the other hand, enterprises also benefit from the system since State aid is a unique measure, but decrease in tax rates exerts multiannual impact. Conduct of Member States is therefore not only determined by budgetary considerations.

**Hypothesis 2:** decrease in corporate tax rate is accompanied by a decrease in GDP-proportionate State aid expenditures.

Central and Eastern European Member States consider corporate taxation as a factor of competitiveness with the aim of attracting foreign direct investment by lower tax rates. Lower tax rates, however, put old Member States under pressure due to the elimination of obstacles hampering the free movement of capital (Appel 2011) and cheap profit repatriation provided by tax treaties. These features of taxation – together with the cheap and qualified labour – make new Member States attractive for investments. There are, however, examples where developed countries also provide favourable taxation conditions: Ireland and Cyprus taxed business income at 12,5% in 2016. Decrease of tax rates may result in tax competition amongst Member State and this threatens uniform business conditions throughout the single market. The third hypothesis deals with tax competition amongst Member States.

Tax competition presumes an active involvement of the Member States because they shape the tax system. Therefore, we might not consider tax competition as an external facility. Tax competition is mostly manifested in the decrease of tax rates. In this hypothesis we lean on the conduct of Member States therefore we examine motivations of tax competition on a theoretical basis as well.

**Hypothesis 3:** decrease of corporate tax rate constitutes tax competition amongst Member States.

In the dissertation we discuss policies' regulatory aspects because for the sake of the undistorted functioning of the single market approximation of the rules, aligning the business environment is necessary. State aid legislation is a common policy since the beginning of the integration. The national competence in corporate taxation, however, leads to an enhanced endeavour by the Member State to exert budgetary interests. These are encompassed by the obligatory code of conduct rules. As seen, in the field of direct taxation there is no such harmonisation as it exists in value added tax and actions of the European Union focus mainly on the approximation of law. The fourth hypothesis deals with the Community level phasing of national rules.

The fourth hypothesis is relevant because while Member States have no regulatory powers in State aid, shaping the corporate tax system is a national competence. However, after the economic crisis Commission's endeavour on the approximation of norms has been set up. Community actions aim to set diverse national legislations on a level acceptable in the terms of the single market therefore we consider approximation as a remedy on negative externalities.

**Hypothesis 4:** the European Commission endeavours to handle anomalies originating in the difference of national corporate tax systems by the approximation of national rules, without harmonisation of the tax type.

The last hypothesis is examining rulings. Rulings are rife in developed countries because they increase legal certainty. The instrument contributes to the interpretation of administrative or transaction-specific taxation rules, they could be pleaded if the facts therein are met. Rulings,

however, may result in discretionary treatment and deals between tax authorities and the taxpayers. Similarly, discretion may evolve in the treatment of incentives such as tax allowance; rulings may affect the borderline between economic incentives and State aid measures as well. The hypothesis connecting to the rulings is interrelated with the selectivity criteria because they may result in discretionary treatment.

The topic is examined in a separate hypothesis because there is an „international engagement”, namely a divergence in interests of Member States, the EU and the USA, on one hand, and, on the other hand, it is not obvious whether State aid rules might be applied on digital economy as targeted behaviours were present mainly in the industrial sector at the time of their enactment.

**Hypothesis 5:** Member States have discretionary competence in selectively provided advantages by the issue of a ruling.

Regulatory analysis is predominant in the research since the operational examination of national tax rules goes beyond the scope of this thesis. Thanks to the deductive method we can describe institutes in the cross section of State aid policy and corporate taxation and their impact on the single market.

After the introductory thoughts we overview general goals and theoretical background of economic regulation constituting a logical framework of the dissertation. We consider economic regulation as a competition of common good and individual interest, however, in the same time these are complementary features of the regulation. Stigler (1971) argues that regulation is a goods and enterprises compete for a regulation fitting the best their interests. According to Posner (1974) “economic regulation is better explained as a product supplied to interest groups than as an expression of the social interest in efficiency or justice” (p. 350.). General aim of the regulation is the treatment of market failures but we admit that other economic policy objectives may exist, too.

In the third chapter we give an overview on the goals of the competition policy of the European Union. We argue supplementary goals of the policy, too. This is consonant with the regulatory view of Van Rompuy (2011, p. 2.) who argues that “competition is no longer an

objective of the Union, or an end in itself, but a means to serve the internal market” therefore undistorted competition is not an exclusive requisite.

We discuss in detail the need for State aid control in the European Union since it is triggered by the relationship between the distortion of competition and trade, and investment incentives, respectively. We also discuss the *more economic approach*, the economic-based evaluation of State aid shaped by economic circumstances. A separate subchapter is dedicated to define State aid; several international organisations set a definition but we discuss only that of the European Union. Article 107 (1) of the TFEU contains provisions on general prohibition of State aid subject to a four-element conjunctive premise (state source, advantage for enterprise or production of goods or provision of services, distortion of competition, trade between Member States). Defining State aid is based on this set of conditions and this is the starting point for the European Commission and the European Court of Justice.

Defining State aid inevitably entails the description of selectivity criteria. According to the TFEU selectivity takes place by a favourable treatment of production of goods or provision of services or results in financial or economic advantage for enterprise preferred. Selective conduct shall be defined in a broad sense, it might be attributed to an advantage given to a sector, enterprise, form of enterprise or business activity but only in the case if preferential treatment is available in a limited manner.

Examination of corporate taxation is the second major theoretical unit. Five models of taxation are identified between Member States, underpinned by our research as well. In the research we put emphasis on the different tax burden of Member States; noticing that setting the rate is an exclusive national competence, there is tax competition between Member States. Besides the statutory and effective tax rates Member States struggle to make their tax systems attractive by exemptions and deductions. Harmonisation efforts of the European Commission therefore do not target explicitly the rates but determining tax base on a common manner and supporting mutual enforcement, securing tax base. Perception of Member States on the European integration currently does not allow to set corporate taxation to a common level. Therefore, the European Commission intends to approximate neighbouring fields of corporate taxation. We highlight actions against harmful tax practices; this contains that action at the European level is needed to tackle distortions of the single market (EB 1997). The Code of Conduct is also discussed, “acknowledging the positive effects of fair competition and the need to consolidate

the competitiveness of the European Union and the Member States at international level, whilst noting that tax competition may also lead to tax measures with harmful effects” (CoC 1997, p. 2.).

Since different corporate tax systems may lead to a fragmented single market, the European Commission is committed to align national rules in the field of direct taxation. A manifestation of this is the initiation of the common consolidated tax base. We discuss the CCCTB, give an overview on the proposal and its fiscal effects.

The European Commission has proposed several legislative acts. In the 2010s the administrative cooperation came to the front and resulted in new, extended cooperation in corporate taxation. This enables competent authorities of Member States to be engaged in tax audit in the other Member State and the automatic exchange of tax information is also a notable step. Exchange of rulings contributes to the mutual surveillance of State aid-related tax measures, we discuss these developments, too. Similarly, we discuss the latest anti-abuse rules as well.

In the fifth chapter we examine tax measures that may result in State aid. Regarding potentially harmful tax practices Vidmar (2017) notes that in the case of financial aid provided by the corporate tax system the reference base is the tax system in its entirety, i.e. deductions conformity with State aid rules has to be confronted with the features of the legal system. Therefore, “a measure is tax selective where it constitutes a derogation from the standard application of the tax system” (Micheau 2014, p. 10.). This is true even if a Member State applies low tax rates, i.e. a low rate does not constitute State aid on its own. In the dissertation we mention practices that fall under suspicion breaching State aid law: some measures of rulings and price agreements. Since tax amnesty may also result in prohibited State aid (Traversa 2010), we recall conditions by which the due but non-paid tax is mitigated or released.

European Commission and the European Court of Justice play an important role setting the limits of tax sovereignty: we demonstrate these limits by the Commission’s decisions and case law of the Court.

We turn to the empirical analysis by the presentation of OECD’s proposal on global minimum tax rate. The proposal would considerably limit national competences on setting the tax rate but, in the meantime, would lower tax competition. In the empirical chapter we investigate movements in statutory and effective rates of corporate tax in the period and show

changes in State aid. Comparing these variables we draw conclusions on the effect of corporate tax rate change on the GDP-proportionate State aid. For these purposes we create clusters and underline national specialities that considerably divert from practices observed in the rest of the Member States. Since the statistical research covers 17 years from 2000 to 2016 we may not overlook on the impact of the 2008 crisis on State aid, but we smooth this scrutinising only non-crisis aid trends.

We finish the dissertation summarising our results and make conclusions in the form of theses.

## **Methodology**

A research in the European Union State aid regulation requires interdisciplinary approach because the policy is shaped by economic, financial, political interests, its embeddedness into the society and social goals. In the dissertation we lean on the European Union's legal system regarding both the State aid and corporate taxation, on the description of motivations in the legislation and summarise international developments of the Organisation for Economic Cooperation and Development. The OECD's work is, however, important in the sense that its numerous initiatives have been adopted by the European Union.

The empirical research is featured by a descriptive-analytical method because availability of data on State aid and corporate tax is narrow. We used Eurostat data. We were faced by several methodological obstacles, e.g. incompleteness of data and low volatility of corporate tax rate. These shortcomings are appraised in the dissertation.

## **Results**

In the dissertation we compared two policies: State aid rules are exclusively set at the Community level, while corporate taxation is a national competence. State aid policy forestalls to subsidy race of Member States because a selectively given aid would divert the free flow of capital. Member States, on the other hand, consider tax incentives as a tool to boost competitiveness. Corporate tax serves economic development and social goals, whereas incentives spur the development of higher value added outputs. In fiscal terms income from

corporate tax has lost importance, it comes out at 5-10 percent of national budgetary revenues (OECD 2016). For the companies, on the other hand, tax deduction results in advantage, therefore we focus on regulatory aspects of these measures.

The novelty of the dissertation is that we try to identify trends comparing corporate tax rates and GDP-proportionate States aid amounts. The goal is to observe co-movement of variables and to feature impacts of the crisis. We should also take into account that these policies are in the same time instruments for Member States in the adaptation to the ever-changing international economic circumstances.

Statements of the research are as follow.

**Thesis 1:** under certain conditions we see verified the assumption that corporate tax rates decreased in the period examined.

We conclude from the statistical data that in the period examined the corporate tax rate has considerably decreased, by an average of more than 9 percent. Although both the statutory and the nominal rates have lessen, details depict a tinger stance:

- average tax rate of the EU15 was higher than that of the average of the new Member States. The decrease was constant but the difference between the Member States and cluters did not disappear. From this we conclude that the decrease of tax rates was due to the global tax competition;

- besides the fall of both old and new Member States' tax rates the difference between the two group rose from 6,8 percent to 7,8 percent, i.e. the decrease of tax rate in new Member States was faster;

- in several Mediterranean Member States the tax rate increased. The increase was during the crisis therefore we assume it was due to the need to increase budgetary revenues;

- in several cases there was considerable difference between the statutory and effective tax rate, even at cluster level.

**Thesis 2:** we cannot unambiguously evidence that a lower corporate tax rate imply lower GDP-proportionate State aid. We assert that both the statutory and effective tax rate

lowered significantly, the percentage of weighted State aid dropped only in the Mediterranean cluster.

We concluded that the decrease in State aid was not considerable, but in some cases even rose due to the economic crisis (setting aside crisis related support). Obvious decrease was seen in Southern Member States. Regarding corporate tax rates this is true for all the clusters. Comparing the variables we noted that in three Southern Member States (Italy, Portugal and Spain) positive correlation was noticed seeing above-average tax burden, but, however, there were four Member States where the tax rate was considerably below the average. Common feature of the seven Member States was – with the exception of Czechia and Romania – that the GDP-proportionate expenditures considerably lowered during the period; we conclude from this that the positive and significant connection was induced by the GDP-proportionate State aid. Significant negative connection was described in seven Member States, in the case of Slovenia, Finland and the Netherlands the level is 0,7 plus. The comparison of the GDP-proportionate and effective tax rates did not result in significant difference compared to the statutory rates. However, we note that in the case of Ireland's statutory tax rate the correlation was positive, the raise of effective tax rate changed the sign of correlation and found out negative correlation. Before the economic crisis we found positive, after it negative correlation in Ireland; in Portugal reverse trend was described.

Decrease in corporate tax rate is a phenomenon present worldwide. The rates and the income therefrom have been lessened therefore Member States consider to support their enterprises by a lower tax rate. As a low tax rate does not constitute State aid such a measure is not selective. We note that non-taxation factors do affect these measures, too.

**Thesis 3:** based on the research we cannot prove the hypothesis that tax rate decrease would result in tax competition amongst Member States.

Data shows that both the statutory and effective tax rate decreased in average in the EU but there are several exceptions. The hypothesis could not be proved because a higher tax rate does not necessarily result in higher tax burden due to the different value creation ability and tax base calculation methods. Tax competition is worth to be scrutinised amongst Member States of



similar economic structure, development and having a similar role in value chains. Taking into consideration that Central and Eastern European Member States are generally less efficient and produce lower value added outputs, lower tax rates may emerge as compensation of lower efficiency and value creation ability. Therefore, there is a higher chance of tax competition on cluster level rather than on EU level. Examination of these features are out of scope of the dissertation.

**Thesis 4:** Member States – as a result of several initiatives of the European Commission – are committed to cooperate and approximate laws relating to corporate taxation but not itself. We cannot consider this process tax harmonisation because making decisions on corporate taxation shall continue to rest in national competence.

We examined European Commission's initiatives that – indirectly – approximate corporate tax related national legislations. In the background of this we identified the social desire of rolling up structures revealed in the *Luxleaks* and Panama documents. The motivation behind this approach was underlined: nowadays it is unlikely that common consolidated corporate tax base initiative would be approved, but approximation of related fields is a more realistic approach. Therefore, we concluded that the emphasis in the last decade was put on the approximation of fields linked indirectly to corporate taxation and this is manifested in secondary legislative acts. Due to the nature of corporate tax there is no such a harmonisation like it exists in the field of indirect taxation. Direct taxation remained in national competence, therefore we identified approximation of national legislations and spurring cooperation of tax authorities.

One of the important questions of the dissertation is the impact of national corporate tax measures on the functioning of the single market and equal conditions within it. The Code of Conduct is designed to handle these anomalies as its goal is to soften detrimental impacts of national legislations in the single market and prevent Member States to increase their tax system's competitiveness at the expense of other Member States. Exchange of information may, on the other hand, promote safeguarding national budgetary revenues and rolling back tax avoidance. Sharing tax rulings may increase the transparency of taxation cross border activities.

We consider the common consolidated tax base a set of rules that represents steps reacting on recent business developments. A tax base determined and shared by common rules would

reconcile freedom of establishment and uniformity of the single market, accounting reports would provide more realistic picture on the enterprise group and decrease compliance costs. Anti-tax avoidance rules protect budgetary interests retaining business freedom of enterprises.

**Thesis 5:** Member States do not possess discretionary powers in the provision of selective advantage by the rulings.

Scrutinising tax rulings we concluded that the instrument theoretically cannot result in selective advantage for the taxpayer. Equal access grants its legal guarantee and the requirement that a ruling explains legislative acts. We make two critical observations on this conclusion:

- by the valuation of State aid features of the instrument not only selectivity should be evaluated but the nature of the advantage as well because rulings may confirm not only the application of procedural but material rules as well;

- since the instrument confirms the tax law treatment of an activity and its provisions are applicable only by the enterprise subject to it, an enterprise in similar situation without such a ruling may result in a detrimental stance in the sense of legal certainty.

We discussed in detail exchange of information in tax matters because it grants control over the Member States and protects their fiscal interests. The control of the Commission over the rulings limits national sovereignty. We admit, however, that neither the broadened investigation rights of the Commission can forestall all of the rulings-related harmful tax practices but these rights may spur Member States to the proper use of law. In turn, this is the goal of the Commission.

## **The way forward**

The dissertation may serve as a take-off for the scrutiny of corporate tax measures in the light of post-crisis State aid rules. We showed that the European Commission launched several initiatives in corporate taxation and State aid control with the clear aim of approximation of diverging national legislations. These interactions may rise new research.

State aid Action Plan and the modernisation package could be examined in a dual approach. On one hand State aid policy nowadays serves economic and development goals as well. This is incorporated into the theory by the more economic approach and by the general block exemption regulation in practice. On the other hand Member States' involvement into the enforcement of State aid policy has intensified. The control is indirect, i.e. it is based on Member States' self-limitation and deliberation.

Thirdly, examination of the European Commission's changing role may bring prospective outcomes. This could be investigated in a dual approach: on the development and extension of Community regulation and in its role of State aid control, respectively. The Commission endeavours to maintain a partnership with the Member States; regulation could therefore serve much better Community interests, in parallel with the enhancement of enforcement.

A research topic might be the change of tax rates. Tax competition may result in further decrease of tax rates but a global minimum tax rate may limit this trend. Commitment of the OECD in this field arm-in-arm with the digital economy may reveal a new era in corporate taxation.

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