One of the consequences of globalization is the increased openness of economies and the interdependence of States. We have to consider that each EU tax system is now unavoidably conditioned by the rest of tax sovereignties, especially when another State offers tax benefits in order to attract the location of mobile factors into its territory. In this context, Tax competition between States is inevitable. The existence of a harmful tax competition and a fair competition is acknowledged; however, the border between both is not easily identifiable. In this context, we will analyze the evolution on direct taxation harmonization within the EU framework, as it has been considered that the harmful tax competition is a consequence of the lack of harmonization and we will discuss several measures that could be adopted to counter the mentioned.

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