

ECJ Decides on Limit to VAT Right to Deduct Where Minimum Threshold of Output Transactions Is Not Met: *Feudi di San Gregorio Aziende Agricole* (Case C-341/22) (VAT)

7 March 2024

Report from IBFD Knowledge Centre

On 7 March 2024, the Court of Justice of the European Union (ECJ) gave its decision in *Feudi di San Gregorio Aziende Agricole SpA v Agenzia delle Entrate* ([Case C-341/22](#)) based on a number of grounds.

"On those grounds, the Court (Third Chamber) hereby rules:

1. Article 9(1) of Council Directive [2006/112/EC of 28 November 2006](#) on the common system of value added tax

must be interpreted as meaning that it may not lead to a person being denied the status of taxable person for value added tax (VAT) where that person, during a given tax period, carries out transactions that are subject to VAT and the economic value of which does not reach the threshold prescribed by national legislation, which corresponds to the return that can reasonably be expected from the assets held by that person.

2. Article 167 of [Directive 2006/112](#) and the principles of VAT neutrality and of proportionality

must be interpreted as precluding national legislation under which the taxable person is denied the right to deduct input VAT on account of the transactions subject to output VAT carried out by that taxable person being considered insufficient."

For a previous TNS regarding the case, [European Union-1, News 12 October 2023](#).

A more substantial report containing details of the ECJ's decision will be published in the ECJ Case Law collection in due course.