

ECJ Decides on Whether Reduction of Taxable Amount in Respect of Irrecoverable Debt Under Insurance Contract Can Be Denied: *Euler Hermes* (Case C-482/21) (VAT)

9 February 2023

Report from IBFD Knowledge Centre

On 9 February 2023, the Court of Justice of the European Union (ECJ) gave its decision in *Euler Hermes SA Magyarországi Fióktelepe v. Nemzeti Adó- és Vámhivatal Fellebbviteli Igazgatósága* ([Case C-482/21](#)) based on a number of grounds.

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

Article 90(1) of [Council Directive 2006/112/EC](#) of 28 November 2006 on the common system of value added tax, as amended by Council Directive 2010/45/EU, of 13 July 2010, as well as the principle of fiscal neutrality,

must be interpreted as meaning that it does not preclude a Member State's legislation according to which the reduction of the taxable amount in the event of a non-payment, provided for in that provision, is not applicable to an insurer that, under a commercial credit insurance contract, pays to the insured person, as compensation for an unpaid credit, part of the taxable amount of the taxable transaction in question, including VAT, while that part of the credit and all rights associated with it have been assigned to the insurer in accordance with the terms of that contract.

(Unofficial translation by IBFD Knowledge Centre)

For a previous TNS regarding the case, see [Hungary-1, News 22 November 2021](#).

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