

ECJ Decides on Whether Exemption of Domestic Specialized Property Funds with Foreign Investors is Compatible with EU Law: *L Fund* (Case C-537/20) (Direct Tax)

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Report from IBFD Knowledge Centre

On 27 April 2023, the Court of Justice of the European Union (ECJ) gave its decision in *L Fund v. Finanzamt D* ([Case C-537/20](#)) based on a number of grounds.

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

Article 63 [TFEU](#) must be interpreted as precluding legislation of a Member State which makes non-resident specialised property funds partially liable to corporate income tax in respect of the income from property which they receive in the territory of that Member State, whereas resident specialised property funds are exempted from that tax."

For a previous TNS regarding the case, see [Germany-1, News 18 January 2021](#).

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