

# ECJ Decides on Reduction to 50% of Capital Gains for Personal Income Tax Purposes: *Autoridade Tributária e Aduaneira* (*Plus-values sur cessions de parts*) (Case C-472/22) (Direct Tax)

16 November 2023

Report from IBFD Knowledge Centre

On 16 November 2023, the Court of Justice of the European Union (ECJ) gave its decision in *NO v. Autoridade Tributária e Aduaneira* (Case C-472/22) based on a number of grounds.

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

Article 63 [TFEU](#) must be interpreted as precluding a tax practice of a Member State, in relation to personal income tax, which provides a tax benefit, consisting in reducing in half the taxation of the capital gains generated by the transfer of shareholdings, only to transfers of shareholdings in companies established in that Member State, excluding transfers of shareholdings in companies established in other Member States.

(Unofficial translation by IBFD Knowledge Centre)

For a previous TNS regarding the case, see [ECJ Preliminary Ruling Request: NO v Autoridade Tributária e Aduaneira \(Case C-472/22\) – Tribunal Arbitral Tributário \(Centro de Arbitragem Administrativa – CAAD\) Submits Referral on Reduction to 50% of Capital Gains for Personal Income Tax Purposes and on Application of Principle of Prohibition of Abusive Practices \(7 November 2022\)](#).

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