

# ECJ Decides on Whether Trade of Parts from Written-Off Vehicles Can Be Considered Insurance Transactions Exempt from VAT: *Generali Seguros* (Case C-42/22) (VAT)

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Report from IBFD Knowledge Centre

On 9 March 2023, the Court of Justice of the European Union (ECJ) gave its decision in *Global, Companhia de Seguros, S.A. v Autoridade Tributária e Aduaneira* (Case C-42/22) based on a number of grounds.

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

1. Article 135(1)(a) of [Council Directive 2006/112/EC](#) of 28 November 2006 on the common system of value added tax must be interpreted as meaning that transactions consisting of the sale by an insurance undertaking to third parties of parts from written-off motor vehicles that have been involved in accidents covered by that undertaking, which it has purchased from the persons whom it insures, do not fall within the scope of that provision.
2. Article 136(a) of Directive 2006/112 must be interpreted as meaning that transactions consisting of the sale by an insurance undertaking to third parties of parts from written-off motor vehicles that have been involved in accidents covered by that undertaking, which it has purchased from the persons whom it insures, do not fall within the scope of that provision.
3. The principle of fiscal neutrality inherent in the common system of value added tax must be interpreted as not precluding the refusal to exempt transactions consisting of the sale by an insurance undertaking to third parties of parts from written-off motor vehicles that have been involved in accidents covered by that undertaking, which it has purchased from the persons whom it insures, where those purchases did not give rise to deductibility."

For a previous TNS regarding the case, see [Portugal-1, News 25 April 2022](#).

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

