

ECJ Decides on Whether Leasing a Building with Permanently Installed Equipment and Machinery Is Exempt from VAT: Finanzamt X (VAT)

4 May 2023

Report from IBFD Knowledge Centre

On 4 May 2023, the Court of Justice of the European Union (ECJ) gave its decision in *Finanzamt X v. Y* ([Case C-516/21](#)) based on a number of grounds.

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

Article 135(2), first subparagraph, point (c) of Council Directive [2006/112/EC](#) of 28 November 2006 on the common system of value added tax must be interpreted as not applying to the letting of permanently installed equipment and machinery where that letting constitutes a supply ancillary to a principal supply of leasing a building, carried out under a leasing agreement concluded between the same parties and exempt under Article 135(1)(l) of that directive, and those supplies form a single economic supply."

For a previous TNS report regarding the case, see [European Union-5, News 26 January 2023](#).

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