



The Hungarian tax on motor vehicles is incompatible with the EEC-Turkey Association Agreement

The tax constitutes a charge having equivalent effect to a customs duty, the imposition of which is prohibited by that agreement

Istanbul Lojistik is a Turkish company which carries goods by road from Turkey to the EU. In March 2015, the Hungarian tax authorities found that the Hungarian tax on motor vehicles had not been paid in respect of a heavy goods vehicle belonging to that company, which was transporting textiles from Turkey to Germany.

Thereafter, the tax authorities ordered Istanbul Lojistik to pay the tax concerned, amounting to HUF 60 000 (approximately €200), and also imposed on that company penalties of HUF 600 000 (approximately €2 000). Istanbul Lojistik then brought an action before the Szegedi Közigazgatási és Munkaügyi Bíróság (Administrative and Labour Court, Szeged, Hungary) against the decisions of the tax authorities. It claims, inter alia, that the tax in question constitutes a charge having equivalent effect to a customs duty, the imposition of which, in respect of trade in goods between the EU and Turkey, is prohibited by Decision No 1/95 of the EC-Turkey Association Council¹ on the implementation of the provisions of the EEC-Turkey Association Agreement² on the final phase of the Customs Union.

The Hungarian court asks the Court of Justice whether the tax in question is compatible with that decision.

By today's judgment, the Court observes, first, that under that decision, customs duties and charges having equivalent effect to such duties are abolished between the EU and Turkey. In that regard, the Court explains that the rules laid down in that decision must be interpreted in accordance with the Court's case-law on the provisions of the FEU Treaty concerning the free movement of goods.

Accordingly, the Court notes that, whatever its designation, mode of application or amount, any pecuniary charge which is imposed unilaterally on goods that cross a frontier and which is not a customs duty in the strict sense constitutes a charge having equivalent effect to a customs duty.

The Court also observes that a charge which is triggered by the carriage of goods and is imposed not on a product as such, but on a necessary service in connection with the product, may also be made subject to the requirements stemming from the principle of free movement of goods. In that respect, the Court notes that the amount of tax concerned depends on criteria that are linked, inter alia, to the quantity of goods that can be carried and to their destination. Accordingly, the Court finds that, even though the tax in question is not levied on products as such, **it is imposed on the**

¹ Decision No 1/95 of the EC-Turkey Association Council of 22 December 1995 on implementing the final phase of the Customs Union (OJ 1996 L 35, p.1).

² Agreement establishing an Association between the European Economic Community and Turkey signed on 12 September 1963 at Ankara by the Republic of Turkey, of the one part, and the Member States of the EEC and the Community, of the other part, which was concluded, approved and confirmed on behalf of the latter by Council Decision 64/732/EEC of 23 December 1963 (OJ 1964 217, p. 3685).

goods transported by vehicles registered in Turkey when they cross the Hungarian border, not on the transport service as such.

Under those circumstances, the Court finds that **the tax in question, which is imposed unilaterally on products by reason of the fact that they cross the border, constitutes a charge having equivalent effect to a customs duty within the meaning of Decision No 1/95 of the Association Council and is, therefore, incompatible with that decision.**

NOTE: A reference for a preliminary ruling allows the courts and tribunals of the Member States, in disputes which have been brought before them, to refer questions to the Court of Justice about the interpretation of European Union law or the validity of a European Union act. The Court of Justice does not decide the dispute itself. It is for the national court or tribunal to dispose of the case in accordance with the Court's decision, which is similarly binding on other national courts or tribunals before which a similar issue is raised.

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The [full text](#) of the judgment is published on the CURIA website on the day of delivery.

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