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ECJ: Joint and several VAT liability of a third party after insolvency of the principal debtor

The request for a preliminary ruling from Bulgaria concerns the joint and several liability of a third party for the VAT debts of a person liable for payment of that VAT (a company) where that person no longer exists, and where the liability of that third party was not prescribed until after that company's liquidation (here, removal of the principal debtor from the commercial register).

Background

Vaniz is a registered company. Its activity consists of road and freight transport. In its capacity as a taxable person, Vaniz received taxable supplies of goods (purchase of lorries and vehicles) and of services (rental of motor vehicles) from Stars International in 2017. It appears that Vaniz also paid the associated invoices. Vaniz exercised its right of VAT deduction in respect of the invoices issued.

Following an audit, the tax authorities found that the supplier had declared but did not pay the VAT chargeable on the supplies provided (which had been set out in the invoices issued to Vaniz). In 2019, insolvency proceedings were initiated in respect of Stars International; in August 2020, they were concluded and the company's deletion from the commercial register was ordered.

By its three questions, the referring court ultimately seeks to ascertain the extent of joint and several liability under Article 205 of the VAT Directive, in particular where the principal debtor has already ceased to exist as a legal person before the imposition of secondary liability.

This is what the ECJ had to say:

Article 205 of Council Directive 2006/112/EC, read in the light of the principles of proportionality and legal certainty, must be interpreted as not precluding national legislation under which the person held jointly and severally liable for payment of value added tax may incur liability after the person liable for payment of that tax has ceased to exist as a legal person, where it is established that that person, while exercising his or her right to deduct input VAT himself or herself, knew or should have known that that person liable for payment would not pay that tax.

Since, first, the reasonableness of the limitation period for claims governed by public law laid down by national law is not disputed and, secondly, the tax authority notified within that period the person jointly and severally liable for the payment of the VAT debt of its intention to review the tax situation of the person jointly and severally liable, the requirement of the principle of legal certainty that the situation of that person is not open to challenge indefinitely does not appear to have been infringed, which it is for the referring court to ascertain.

More detailed information about the ECJ judgment of 11 December 2025 in the case C-121/24 *Vaniz* to be found [here](#).

Keywords

liability for VAT