



EU court confirms early VAT deduction rights despite late invoices

On 11 February 2026, the General Court of the European Union ruled in Case T-689/24 on the timing of input VAT deduction when invoices are issued after the supply period. The decision reinforces VAT principles and is expected to affect practices across EU Member States.

Case background

A Polish energy company received supplier invoices after the supply period. Domestic rules required invoices within the same period for deduction, but the taxpayer argued deduction should apply if invoices were available before filing.

Legal question

Can national rules deny deduction in the supply period solely because the invoice arrives later, even if available before filing?

Court findings

- The right to deduct arises when VAT becomes chargeable (supply occurs).
- Possession of an invoice is a formal requirement, not a condition for the right itself.
- Delaying deduction when invoices are available forces businesses to pre-finance VAT.
- Automatic deferral rules are disproportionate where tax authorities can verify transactions once invoices are available.

EU-wide implications

Member States must reconsider rules linking deduction strictly to invoice periods. Businesses may benefit from faster VAT recovery, improved cash flow, and clearer legal certainty. Compliance processes should capture invoices received between period end and filing.



Practical actions for businesses

- Include invoices received before filing deadlines in VAT periods.
- Improve invoice tracking and digital workflows.
- Review historical deferrals and claim missed VAT.
- Update treasury planning for accelerated VAT recovery.
- Train accounting and procurement teams on new timing principles.

Relevance for Cyprus

Cyprus VAT law ties deduction to invoice possession. The EU ruling confirms that deductions cannot be postponed if invoices are available before filing.

Businesses should:

- Use the ruling to support discussions with the Tax Department on timing.
- Document invoice receipt and filing dates carefully.
- Reassess historic conservative deferrals.

The decision is expected to shape administrative interpretation, especially for end-of-period and high-volume transactions.

How can SPL assist?

We help Cyprus and multinational businesses translate legal developments into practical solutions, including:

- VAT impact assessments and position papers
- Process and ERP workflow reviews
- Historic VAT recovery opportunities
- Audit support and dispute management
- Staff training and guidance materials
- Cross-border VAT consistency reviews

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