

Case C-4/94

BLP Group plc  
v  
Commissioners of Customs and Excise

(Reference for a preliminary ruling  
from the High Court of Justice (Queen's Bench Division))

(Value added tax — Interpretation of Article 2  
of Directive 67/227/EEC and Article 17(2) of Directive  
77/388/EEC — Deduction of input tax on goods or services  
relating to exempt transactions)

Opinion of Advocate General Lenz delivered on 26 January 1995 ..... I - 985  
Judgment of the Court (Fifth Chamber), 6 April 1995 ..... I - 1001

Summary of the Judgment

*Tax provisions — Harmonization of laws — Turnover tax — Common system of value added tax — Deduction of input tax — Tax on services supplied for the purpose of an exempt transaction — No right to deduct — Exempt transaction intended for the carrying out of a taxable transaction — No effect*

*(Council Directives 67/227, Art. 2 and 77/388, Art. 17)*

Article 2 of the First Directive 67/227 and Article 17 of the Sixth Directive 77/388 on the harmonization of the laws of the Member States relating to turnover taxes are to be interpreted as meaning that, except in the cases expressly provided for by those directives, where a taxable person supplies services to another taxable person who uses them for an exempt transaction, the latter person is not entitled to deduct the input

value added tax paid, even if the ultimate purpose of the exempt transaction is the carrying out of a taxable transaction. The wording of those provisions shows that to give rise to the right to deduct, the goods or services in question must have a direct and immediate link with the taxable transactions, and that the ultimate aim pursued by the taxable person is irrelevant in this respect.