



## Reports of Cases

**Case C-591/10**

**Littlewoods Retail Ltd and Others**

**v**

**Her Majesty's Commissioners of Revenue and Customs**

(Reference for a preliminary ruling from the High Court of Justice (England & Wales), Chancery Division)

(Second and Sixth VAT Directives — Input tax — Refund of excess —  
Payment of interest — Procedures)

### Summary of the Judgment

*EU law — Rights conferred on individuals — Taxes levied in breach of EU law — Repayment of VAT with interest — Procedures — Application of national law — Limits — Compliance with the principles of effectiveness and equivalence — Verification a matter for the national court*

*(Council Directive 77/388, Art. 11C(1))*

EU law must be interpreted as requiring that a taxpayer who has paid too high an amount of VAT, levied by the Member State concerned in breach of EU law on VAT, have a right to restitution of the tax levied in breach of EU law plus interest. It is for national law to determine, in compliance with the principles of effectiveness and equivalence, whether the principal sum must bear 'simple interest', 'compound interest' or another type of interest.

The principle of effectiveness, which prohibits a Member State from rendering the exercise of rights conferred by the EU legal order impossible in practice or excessively difficult, requires that the national rules referring in particular to the calculation of interest which may be due should not lead to depriving the taxpayer of an adequate indemnity for the loss occasioned through the undue payment of VAT. It is for the national court to carry out the necessary verifications in that respect.

The principle of equivalence requires that the national rule in question be applied without distinction, whether the infringement alleged is of EU law or national law, where the purpose and cause of action are similar. However, that principle cannot be interpreted as requiring a Member State to extend its most favourable rules to all actions brought in a certain area of law. In order to ensure compliance with that principle, it is for the national court, which alone has direct knowledge of the procedural rules governing restitution actions against the State, to determine whether the procedural rules intended to ensure that the rights derived by individuals from EU law are safeguarded under domestic law comply with that principle and to consider both the purpose and the essential characteristics of allegedly similar domestic actions. For that purpose, the national court must consider whether the actions concerned are similar as regards their purpose, cause of action and essential characteristics

(see paras 28-31, 34, operative part)