

European Court of Justice rules in joined cases C-39/13, C-40/13 and C-41/13 (freedom of establishment)

(June 12, 2014)

On June 12, 2014 the ECJ ruled in the joined cases C-39/13, C-40/13 and C-41/13 regarding the freedom of establishment. The ECJ ruled as follows:

1. Articles 49 TFEU and 54 TFEU must be interpreted as precluding legislation of a Member State under which a resident parent company can form a single tax entity with a resident sub-subsidiary where it holds that sub-subsidiary through one or more resident companies, but cannot where it holds that sub-subsidiary through non-resident companies which do not have a permanent establishment in that Member State.
2. Articles 49 TFEU and 54 TFEU must be interpreted as precluding legislation of a Member State under which treatment as a single tax entity is granted to a resident parent company which holds resident subsidiaries, but is precluded for resident sister companies the common parent company of which neither has its seat in that Member State nor has a permanent establishment there.

[Click here](#) to be forwarded to the text of the ruling. Or go to [our section regarding ECJ rulings on the freedom of establishment](#) to see a selection of other rulings the ECJ made regarding this subject.

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