

Value Added Tax. Civil compensation is not a VAT payment method, nor can it originate a request for a favorable balance or crediting

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In March 15, 2023, the Second Chamber of the Federal Supreme Court of Justice resolved the criteria contradiction 413/2022, highlighting the following:

- ▶ The matter of the contradiction was to determine whether civil compensation is a Value Added Tax payment method and, if so, whether it can originate a request for a refund of a favorable balance or crediting of the tax.
- ▶ As a result of the session, by unanimous vote, it was approved the criterion aimed to the extent that the civil compensation is not a payment method, nor can it originate a request for a favorable balance or crediting; therefore, it is a way of determining the moment when the consideration for the services rendered and for which the obligation to pay the tax is understood to have been effectively collected.
- ▶ The final project that resolved the contradiction is still pending publication, so once the content of the resolution is known, the scope and effects that it will bring for taxpayers will be analyzed.

To consult the press release issued by the Federal Supreme Court of Justice, please visit the following [link](#).

We will be pleased to answer any questions or comment on the contents of this document.

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