

Landmark CJEU ruling on railway sidings and, more broadly, state aid in the context of taxation

• 6 MAY 2025 •

On 29 April 2025, the Court of Justice of the European Union in Luxembourg issued a ruling favourable to taxpayers in case C-453/23 concerning the Mayor of Mielec. This is the first CJEU ruling on Polish property tax. The relevant context concerns state aid rules. The case directly concerned an exemption for private railway sidings in 2017-2021, but the significance of the judgment is much broader. The Court found that the exemption did not violate the rules on state aid, and therefore municipalities were not entitled to refuse to apply it. The case was handled by MDDP (represented by [Monika Dziedzic](#) and [Rafał Kran](#)).

Content of the ruling

The Court found that the exemption for private railway sidings was not selective. In particular, this was because its beneficiaries were entities from various industries, such as railways, mining, refining and manufacturing, meaning that the group of recipients did not constitute a coherent category, which excludes selectivity. At the same time, it was pointed out that the exemption is part of a 'normal tax' and is not an exception to it, which results from the nature of property tax in Poland. Formally, national courts are left with room for final assessment in individual cases, but it is difficult to assume that rational authorities would continue to seek characteristics of selectivity.

Significance for owners of railway sidings

As a result of the judgment:

- 1) Taxpayers who have open or suspended proceedings can expect favourable decisions in the near future, including refunds, although it cannot be ruled out that some tax authorities will decide to conduct additional investigations.
- 2) Taxpayers who have already effectively benefited from the exemption can assume that their situation has been secured and that there is no risk of having to repay the public aid with interest.
- 3) Taxpayers who have not yet taken advantage of the exemption still have the possibility to submit an application for a refund of overpayments for the years 2020-2021; earlier periods are already time-barred, provided that the siding meets the conditions for access by carriers.

The judgment does not directly concern the legal situation from 2022. The exemption from 2022 may potentially be used by owners of those sidings that meet the new restrictive rules for making railway infrastructure available.

Broad significance in taxation

The key point of the judgment is the confirmation of the autonomy of states in the area of non-harmonised taxes (including property tax and most income tax regulations). States are free to shape their tax preference systems unless they are clearly discriminatory. This calls into question the European Commission's aspiration to have the right to review all national tax preference measures. In practice, this minimises the risk of various national measures, such as R&D tax relief, lower CIT rates and the Polish investment zone, being challenged on the grounds of state aid rules.

MDDP support

Thanks to their experience in conducting prominent proceedings in case C-453/23, as well as other completed and ongoing proceedings concerning railway infrastructure, MDDP's advisors can offer the most comprehensive view on issues relating to exemptions for sidings in 2017-2021, from 2022 onwards, as well as in relation to railway terminals. We support clients on various issues relating to property tax and the application of tax relief and preferences.

If you are interested in the above information and its impact on your business, please do not hesitate to contact us at:

Monika Dziezic

monika.dziezic@mddp.pl

+ 48 570 898 499

 [LinkedIn](#)

Rafał Kran

rafal.kran@mddp.pl

+48 693 290 919

 [LinkedIn](#)

or your advisor from MDDP.

This Tax Alert does not constitute legal or tax advice. MDDP Michalik Dłuska Dziezic i Partnerzy spółka doradztwa podatkowego spółka akcyjna is not responsible for the use of the information contained in the Alert without prior consultation with legal or tax advisers.

#More about MDDP: [link](#)

