Reports of Cases

Case T-661/24

Czech Republic
v
European Commission

Judgment of the General Court (Third Chamber) of 15 July 2026

(Non-contractual liability of the European Union – EAGF and EAFRD – Judgment annulling a Commission decision excluding from EU financing certain expenditure incurred by the Member States under the EAGF and EAFRD – Reimbursement by the Commission of the amount unduly received – Commission's refusal to pay interest on the excess amount received – Obligation to pay interest – Compensation at a standard rate for the loss of enjoyment of the amount unduly paid to the Commission – Article 266 TFEU – Sufficiently serious breach of a rule of law intended to confer rights on individuals)

Own resources of the European Union – Payment of a debt incumbent on the Commission – Interest due – Judgment annulling a financial correction imposed under the European Agricultural Fund for Rural Development (EAFRD) – Reimbursement by the Commission to the Member State concerned of the amounts corresponding to the financial correction – No obligation to pay that Member State interest on the amount reimbursed

(Art. 266 TFEU; Commission Regulation No 908/2014, Art. 34(8), second subpara.)

(see paragraphs 45, 46, 48-51, 53, 58, 66, 67, 73, 74)

Résumé

Hearing an action for damages, which it dismisses, the General Court gives a ruling on the measures which the Commission must adopt to comply with a judgment, in accordance with the first paragraph of Article 266 TFEU, regarding the payment by that institution of interest connected to an amount paid back to a Member State after a judgment annulled a decision which excluded from EU financing certain expenditure incurred by a number of Member States under the European Agricultural Guarantee Fund (EAGF) and the European Agricultural Fund for Rural Development (EAFRD) and imposing on that Member State a financial correction under the latter.

In its Implementing Decision 2018/873 [1] in respect of the Czech Republic, the Commission had decided to apply a flat-rate financial correction ('the financial correction at issue') to a payment made under the EAFRD, on account of expenditure allegedly effected in breach of EU law. The General Court annulled that decision by its judgment in *Czech Republic* v *Commission*, [2] following which the Commission adopted Implementing Decision 2020/859 formally providing for the reimbursement of the amount concerned, but not for the payment of interest on that amount.

By letter of 26 November 2024, the Czech Republic made a request to the Commission seeking that interest be paid to it in respect of the period from 10 August 2018, the implementation date for the financial correction at issue, to 27 October 2020, the date of reimbursement by the Commission of the amounts which were the subject of that correction ('the period at issue').

Findings of the Court

In the first place, the Court finds that the obligation to pay interest, as established by the case-law, and in particular by the judgment of the Court of Justice in *Commission* v *Deutsche Telekom*, [3] emanated from a context which is different from that of the present case and involved an amount unduly collected by the administration from a person, who was therefore entitled to the payment of interest to compensate for the unavailability of that amount. In the context of shared management, the implementation of the EU budget allocated to the EAFRD and of that EU fund are delegated to the Member States, which cannot therefore be treated in the same way as persons, with the result that the circumstances in the present case are different from the circumstances referred to in the abovementioned judgment. Since the considerations set out in the judgment in *Commission* v *Deutsche Telekom* do not take into account the nature of the relationship between the Member States and the Commission, the specific features of shared management, or the fact that Member States make EU funds available on a delegated basis, they are not directly applicable in the context of the annulment of a decision imposing a financial correction on a Member State.

In the second place, the Court notes that the automatic and unconditional nature of the obligation to pay interest, as established by the judgment in *Commission* v *Deutsche Telekom*, is implicitly, but necessarily, based on the premiss that, following the annulment of a decision imposing a payment on an institution, the addressee of that decision suffer actual and certain damage as a result of the loss of enjoyment of the amount to be reimbursed to it. However, a financial correction such as that at issue forms part of a complex set of financial flows spanning the entire duration of the implementation of the rural development programme. Thus, unlike the situations referred to in the judgment in *Commission* v *Deutsche Telekom*, it is not certain that the annulment of a decision relating to a financial correction automatically entails such a loss of enjoyment by the Member State of the amount concerned.

In that regard, the Court points out, first, that the Member States have access to pre-financed amounts in order to effect EAFRD expenditure with the result that they are not, in principle, required to mobilise their own financial resources to effect that expenditure. Secondly, a financial correction does not necessarily entail that the Member State must make a payment to

[1] Commission Implementing Decision (EU) 2018/873 of 13 June 2018 excluding from European Union financing certain expenditure incurred by the Member States under the European Agricultural Guarantee Fund (EAGF) and under the European Agricultural Fund for Rural Development (EAFRD) (OJ 2018 L 152, p. 29).

[2] Judgment of 19 December 2019, *Czech Republic* v *Commission* (T-509/18, EU:T:2019:876).

[3] Judgment of 11 June 2024, *Commission* v *Deutsche Telekom*, C-221/22 P, EU:C:2024:488.

the Commission by drawing directly from its national resources. The amount of the financial correction is to be deducted from the interim payments or from the payment of the balance made by the Commission as reimbursement of other expenditure incurred by the Member State under the rural development programme. [4]

Therefore, the Court finds that in view of the lack of certainty as to the effect of a financial correction on the national resources of the Member State, it cannot be inferred from the case-law that the Commission is subject to an obligation in principle, which is absolute and unconditional, automatically to pay interest in compliance with a judgment annulling a decision imposing a financial correction under the EAFRD.

In the third place, the Court points out that, in the present case, the amount made available to the Czech Republic by the Commission as pre-financing, reduced by the amount of the financial correction at issue, remained, in principle, available during the period at issue, during which that financial correction was implemented, since the clearance procedure in respect of pre-financing [5] did not begin until 2023. In addition, no evidence was adduced to demonstrate that the pre-financing was not available or that it was insufficient or to demonstrate that national resources had to be employed to offset the reimbursement of expenditure temporarily declared ineligible as a result of the financial correction at issue.

In those circumstances and notwithstanding the fact that the amounts which were the subject of the financial correction at issue were not recovered from the beneficiaries, it cannot be found that that correction involved an actual mobilisation of the national resources of the Member State concerned or, a fortiori, a loss of enjoyment by that Member State of the amount corresponding to that financial correction.

Therefore, the Court concludes that the payment of interest did not constitute a necessary measure to be taken by the Commission to comply with the judgment of 19 December 2019, *Czech Republic* v *Commission*, in accordance with its obligations under the first paragraph of Article 266 TFEU.

[4] In accordance with the second subparagraph of Article 34(8) of Commission Implementing Regulation (EU) No 908/2014 of 6 August 2014 laying down rules for the application of Regulation (EU) No 1306/2013 of the European Parliament and of the Council with regard to paying agencies and other bodies, financial management, clearance of accounts, rules on checks, securities and transparency (OJ 2014 L 255, p. 59).

[5] Provided for in Article 35(4) of Regulation (EU) No 1306/2013 of the European Parliament and of the Council of 17 December 2013 on the financing, management and monitoring of the common agricultural policy and repealing Council Regulations (EEC) No 352/78, (EC) No 165/94, (EC) No 2799/98, (EC) No 814/2000, (EC) No 1290/2005 and (EC) No 485/2008 (OJ 2013 L 347, p. 549), and amended by Regulation (EU) 2021/2116 of the European Parliament and of the Council of 2 December 2021 on the financing, management and monitoring of the common agricultural policy and repealing Regulation (EU) No 1306/2013 (OJ 2021 L 435, p. 187).