Overview of Luxembourg Tax Developments

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DENTONS

This report summarizes some of the main Luxembourg tax developments that took place between the end of 2015 and August 2016. The selected developments are mainly relevant to companies and the international tax practice.

1. Repeal of the minimum corporate income tax (CIT) - Introduction of a differentiated rate of net wealth tax (NWT) and of a minimum NWT - Introduction of a step-up in basis for individuals migrating to Luxembourg

1.1 Repeal of the minimum CIT - Introduction of a differentiated rate of NWT and of a minimum NWT

By law of 18 December 2015[1], a digressive scale for NWT rates was introduced with effect as from 1 January 2016:

- A rate of 0.5% applies on the taxable net wealth[2] up to and including €500,000,000 (e.g. for a taxable wealth of €500,000,000 a normal NWT of €2,500,000 is due).
- A reduced rate of 0.05% applies on the portion of the taxable net wealth exceeding €500,000,000 (e.g. for a taxable wealth of €1,750,000,000 the normal NWT will amount to €3,152,000 (i.e. 2,500,000 + 0.05% x (1,750,000,000 - 500,000,000)).

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1 As further clarified in the circular I.Fort.n°51 issued by the Luxembourg tax authorities on 2 June 2016

2 i.e. on the unitary value calculated based on the same rules as before the law of 18 December 2015

Additionally, the minimum CIT was abolished and the existing provisions related to the minimum NWT (of €25 for private limited liability companies (Sàrl), €62.5 for public limited liability companies (SA) and for partnerships limited by shares (SCA)) have been replaced by new rules. The new minimum NWT applies to Luxembourg resident corporate entities, i.e. entities which have their statutory seat and/or their central administration in Luxembourg. Non-resident entities are out of the scope of the minimum NWT[3]. Permanent establishment of non-resident entities are subject to the normal NWT.

A minimum NWT of €3,210 applies for the entities having the sum of their fixed financial assets, amounts owed by affiliated undertakings, transferable securities, cash at bank, cash in postal check accounts and cash in hand exceeding:

- 90% of the total of their balance sheet[4] of the year N-1.
- €350,000.

Entities that do not fulfil at least one the above criteria are subject to a minimum NWT ranging from €535 to €32,100 depending on the total of their balance sheet:

Total of the balance sheet	Minimum NWT (including solidarity surcharge)
<=€350,000	€535
>€350,000 and <=€2,000,000	€1,605
>€2,000,000 and <=€10,000,000	€5,350
>€10,000,000 and <=€15,000,000	€10,700
>€15,000,000 and <=€20,000,000	€16,050
>€20,000,000 and <=€30,000,000	€21,400
>€30,000,000	€32,100

The minimum NWT is further adjusted/reduced by the CIT of the year N-1 (increased by the solidarity surcharge and decreased by available tax credits).

The laws on securitization vehicles, investment companies in risk capital (sociétés d'investissment en capital risque or SICARs), pension savings companies in the form of the so-called SEPCAVs (sociétés d'épargne pension à capital variable) and pension savings associations in the form of the so-called ASSEPs (associations d'épargne pension) are amended so that the new minimum NWT is also applicable to these entities although they remain exempt from the normal NWT.

As a consequence of the co-existence of the normal NWT and the minimum NWT, taxpayers will be liable to the highest amount between their normal NWT and their minimum NWT.

3 As further clarified in the circular I.Fort.n°47ter issued by the Luxembourg tax authorities on 16 June 2016
4 Total of balance-sheet determined based on the same rules which were applicable under the minimum CIT regime.

A comparative calculation should be prepared annually in order to determine the applicable NWT.

In case of a tax unity, each company remains individually liable to its minimum NWT. The overall amount of minimum NWT within a tax consolidated group is however capped at €32,100. The minimum NWT due by the members of a tax consolidated group is automatically adjusted/reduced by the CIT of the year N-1 of the tax consolidated group (increased by the solidarity surcharge and decreased by available tax credits) in a certain order.

Although it is still possible for taxpayers to reduce their normal NWT burden through the creation of a specific reserve (corresponding to 5 times the amount of NWT reduced) to be maintained for 5 years as foreseen by §8a of the NWT law (VSTG), the amount of normal NWT eligible for the reduction by a resident entity is however limited to its minimum NWT calculated as described above (the minimum NWT may not be reduced based on §8a VSTG[5]). This limitation does not apply for Luxembourg permanent establishments of non-resident entities.

1.2 Step up for individuals migrating to Luxembourg whilst owning substantial shareholdings

The first law of 18 December 2015 also introduces the principle of a step-up for individuals who relocate their tax residence to Luxembourg whilst either owning:

- Stocks, equity shares, beneficiary shares or, any other form of investment in collective undertakings that qualify as substantial shareholding (i.e., more than 10%).
- A convertible loan issued by an entity in which they hold a substantial participation.

According to the newly introduced article 102(4a) of Luxembourg Income Tax Law (LITL), the acquisition price of these assets will be revalued at their estimated market value as at the date of the individual's migration to Luxembourg.

Such step-up is however not applicable for other assets or if, at the aforementioned date, the individual has been formerly resident in Luxembourg for more than 15 years and subsequently non-resident for less than 5 years. The step-up does not affect the holding period, and therefore the migration to Luxembourg does not trigger the start of a new holding period. This provision applies as from the fiscal year 2015 (for shareholders who migrated to Luxembourg in the course of 2015 or later).

2. Amendments to the parent-subsidiary regime/tax unity regime/exit tax rules/ investment tax credit rules

In a second law of 18 December 2015, Luxembourg has introduced the following other important changes to its CIT legislation:

2.1 New provisions of the parent-subsidiary regime

Luxembourg implemented two major amendments to the Parent-Subsidiary regime resulting from the transposition of Directives 2014/86/EU and 2015/121/EU and effective as from 1 January 2016.

2.1.1 Anti-hybrid financial instrument provision

In order to eliminate double non taxation situations of profits arising from the asymmetry in the tax treatment of profit distributions among EU Member States, dividends and other profit distributions paid by qualifying subsidiaries to their Luxembourg parent company will no longer be tax exempt in the hands of the parent to the extent that such distributions are deductible at the level of the subsidiary.

A new paragraph will be added to article 166 LITL whereby the participation exemption would be denied to income derived from a (hybrid) instrument to the extent it is tax deductible in the residence jurisdiction of the taxpayer.

5 As further clarified in the circular I.Fort.n°47ter issued by the Luxembourg tax authorities on 16 June 2016.

2.1.2 New anti-abuse rule

Luxembourg will not grant the benefit of the Parent-Subsidiary Directive (Directive 2011/96/EU, as amended, the Directive) to an arrangement or a series of arrangements which, having been put into place for the main purpose (or one of the main purposes) of obtaining a tax advantage that challenges the object or purpose of the Directive, are not genuine having regard to all relevant facts and circumstances. In this respect, an arrangement or a series of arrangements shall be regarded as not genuine to the extent that they are not put into place for valid commercial reasons which reflect an economic reality.

There are two main parts in a non-genuine arrangement: firstly, a purpose of obtaining a tax advantage challenging the object or purpose of the Directive and secondly, the absence of valid commercial reasons which reflect economic reality. An increasing focus by the tax authorities on economic reality may therefore be expected.

2.2 Widening of the scope of the tax unity regime

Further to case law of the European Court of Justice ("ECJ") in the field of corporate group taxation[6], the law of 18 December 2015 enables the creation of a "horizontal" tax unity between Luxembourg entities when their parent company is resident of a state party to the European Economic Area (i.e. EU Member States, Iceland, Liechtenstein, and Norway, the EEA) and fully subject to an income tax comparable to the Luxembourg CIT.

In addition, each member of the tax unity is now fully liable for the tax liabilities, interest for late payments, charges and penalties of the integrating parent or integrating subsidiary company.

It is also important to note that a company cannot be part of more than one tax unity.

2.3 Exit tax

The scope of migrations and transfers entitled to benefit, under specific conditions, from a tax payment deferral has been broadened.

While in the past the tax payment deferral was granted only in case of a transfer to an EEA country, it is now possible to benefit from this provision upon relocation to a third country with whom Luxembourg has a double tax treaty containing an article 26 (on exchange of information upon request) in line with the Model Convention of the Organization for Economic Co-operation and Development (OECD).

2.4 Investment tax credit in the maritime sector

Given the substantial expansion of the maritime sector and its important contribution to the Luxembourg economy, lessors of vessels used in international traffic are now allowed to benefit from investment tax credits. This new provision puts shipping companies on an equal footing with other industries involved in the transport of goods and people.

3. Introduction of the Common Reporting Standard (CRS) in Luxembourg legislation

In a third law of 18 December 2015 (the law on the automatic exchange of financial account information in the field of taxation, the AEI Law) Luxembourg introduced in its legislation the so-called Common Reporting Standard (CRS) developed by the OECD.

6 ECJ case law SCA Group Holding BV (C40/13)

The AEI Law implements the so-called DAC2 Directive (2014/107/EU) which has amended the Directive on administrative cooperation in the field of taxation (DAC 2011/16/EU) as regards mandatory automatic exchange of information in the field of taxation.

Under the AEI Law, the Luxembourg financial institutions falling within its scope have to:

- Annually report information on reportable financial accounts to the Luxembourg tax authorities by 30 June following the end of the calendar year to which the information relates. The first calendar year covered by the AEI Law is 2016, which means that the first information reporting under the AEI Law should be made by 30 June 2017.
- Implement due diligence procedures for the identification of reportable accounts.

The information will then be automatically exchanged by the Luxembourg tax authorities with the tax authorities of the other jurisdictions applying the CRS by 30 September following the end of the calendar year to which the information relates (the first automatic exchange of information, related to 2016, should consequently occur by 30 September 2017).

The CRS and automatic exchange of information will be applicable as from 2017 for periods as from 2016 between the EU Member States in application of the DAC 2 Directive (except Austria with whom the automatic exchange will apply as from 2018 for periods as from 2017). It will be applicable as from 2017 or 2018 for periods as from 2016 or 2017 with the other jurisdictions applying the CRS (as at 9 May 2016, 101 jurisdictions, including the EU Member States, have committed to apply the CRS).

The financial institutions falling within the scope of the CRS and the AEI Law include custodial institutions, depositary institutions, investment entities and specified insurance companies.

Reportable financial accounts include depositary accounts, custodial accounts, certain specified insurance contracts and, for investment entities, any equity or debt interest in such investment entities, held by reportable persons or by certain passive entities (the so-called passive non-financial entities or passive NFE) with (ultimately) controlling persons that are reportable persons.

Reportable persons include individuals or entities of an EU Member State or of a jurisdiction also applying the CRS (except for corporations whose stock is regularly traded or entities related to such corporations, governmental entities, central banks and other financial institutions within the meaning of the AEI Law).

The information to be reported with respect to reportable accounts include the name, address, tax residence, tax identification number (TIN) and place and date of birth (for individuals) of the reportable persons, account number, account balance or value, amount of interest, dividend, sales and redemption proceeds from financial assets and other income generated with respect to the assets held in the account.

Financial institutions that do not comply with the due diligence and reporting obligations under the AEI Law are fined as follows:

- **Failure to comply with the due diligence obligations or with the requirements to implement procedures for the information reporting:** penalty of up to €250,000.
- **Absence of information reporting or late, incomplete or inaccurate information reporting:** penalty of up to 0.5% of the amounts that should have been reported with a minimum of €1,500.

4. Circular 99ter/1bis on the taxation of capital gains arising from the disposal of real rights relating to immovable property

The Luxembourg Tax Authorities released the Circular 99ter/1bis on 7 March 2016 on the taxation of capital gains arising from the disposal of real rights relating to immovable property (hereafter the Circular). The aim of the Circular is to clarify the taxation of the transfer of bare ownership (nue-propriété) or usufruct (usufruit) as provided for by article 108bis LITL.

Based on article 108bis LITL, capital gains resulting from the disposal of the bare ownership or the usufruct of a given asset are taxable only if the capital gains derived from the disposal of the full ownership would have been taxable.

The Circular specifies that taxable capital gains shall only be assessed on the basis of the increase in value of the bare ownership or usufruct. Any random gain linked to the specific nature of the rights or actuarial gain (resulting from the usufructuary's advanced aging) are not to be taken into account for the purpose of determining the amount of capital gains.

The Circular also states that the principles set out in §2 of article 108bis LITL (i.e. taxation of the transfer of bare ownership or usufruct) shall not result in taxing a higher or lower amount of income in comparison to the gain that would have been derived from the disposal of the full ownership. The sum of the gains on bare ownership and usufruct shall always correspond to the amount of the capital gains in connection with the full ownership.

Should the asset consist of immovable property, the Circular provides guidelines on how to calculate the holding period:

- In case of acquisition of the full ownership and further disposal of the usufruct, the holding period starts at the time of the acquisition of the full ownership.
- In case the bare ownership and the usufruct have been acquired at different dates with subsequent disposal of the full ownership, the holding period starts upon the first acquisition (i.e. bare ownership or usufruct).
- If the usufruct or the bare ownership were acquired separately and subsequently transferred separately, the holding period starts at the time of the acquisition of the relevant right.

5. 2017 tax reform proposal

On 26 July 2016, the Luxembourg government introduced the bill of law n°7020 on the 2017 tax reform.

5.1 Corporate income tax (CIT)

5.1.1 Introduction of a 17 year limitation on the use of tax losses as from 2017

The limitation will apply from 2017. Tax losses generated until 31 December 2016 can continue to be carried forward indefinitely. The oldest tax losses would be offset first.

The current proposal for the 17 year limitation is good news as it was initially announced that tax losses generated after 2016 would be useable for a shorter period of time (10 years) and only up to a certain percentage (e.g. 80%) of the taxable profit per year.

Even if the draft bill may still be subject to amendments, we believe that the limitation of the use of the tax losses to a certain percentage of the taxable profit will be very likely abandoned.

5.1.2 Reduction of the CIT rate to 19% in 2017 and 18% in 2018

As announced, the CIT rate will be reduced from 21% to 19% from 1 January 2017 and 18% from 1 January 2018 for companies having an annual taxable income of more than €30,000. Assuming that the contribution for the employment insurance of 7% and the municipal business tax in Luxembourg of 6,75% remain unchanged, the combined corporate tax rate in Luxembourg City will drop from 29.22% to 27.08% in 2017 (19x1.07+6.75) and 26.01% as from 2018 (19x1.07+6.75).

The reduced rate of 20% currently applicable for companies with an annual taxable profit of up to €15,000 has been decreased to 15% and the taxable profit threshold will be €25,000.

As the 19% rate for 2017 (18% as from 2018) will apply to companies having taxable profit higher than €30,000, an intermediate taxation level is provided for taxpayers with a taxable income between €25,000 and €30,000. The tax due will be equal to €3,750 (15% of €25,000) + 39% of the taxable income exceeding €25,000 for 2017 and €3,750 + 33% of the taxable income exceeding €30,000 for 2018.

The Luxembourg Government confirmed that it will closely follow the European and International situation in light of the implementation of the OCED's Base Erosion and Profit Shifting (BEPS) rules to envisage, if need be, an additional adjustment. The commentaries on the draft bill also recall Luxembourg's intention of maintaining a competitive international tax environment.

5.1.3 Extension of the tax deferral regime for currency gain or loss regime provided by article 54 bis LITL

A new version of article 54 bis LITL will allow a tax deferral on capital gains or capital losses realized by all corporate taxpayers that have a share capital in another currency than Euro.

The rule will be retroactively applicable as of 1 January 2016. Currently, the neutralization of exchange gains is reserved to certain entities (financial institutions, professional custodians, and insurance/re-insurance companies). A request will have to be filed at least 3 months before the end of the first tax year for which the benefit of the tax neutralization is expected.

5.1.4 Increase of tax credit for investments

The tax credit regime for investments will improve as follows:

- The tax credit for additional investments will increase from 12% to 13% of the investment.
- The tax credit for global investments will increase from 7% to 8% for investments up to €150,000. The current 2% rate for investments exceeding €150,000 would remain unchanged.
- The tax credit for investment in assets approved for the special depreciation regime will increase from 8% to 9% for investments up to €150,000. The current 4% rate for investments exceeding €150,000 will remain unchanged.

Finally, in line with the Luxembourg administrative practice in force since the Tankreederei I case law (C287/101) of the European Court of Justice, the investment tax credit will also apply to investments made in another Member State of the EEA.

5.1.5 Implementation of a deferral mechanism for deduction for depreciation

Taxpayers will be allowed to defer and carry forward the annual amount of depreciation on an asset.

5.1.6 Implementation of a tax deferral mechanism for family businesses

Latent gains in relation to real estate assets that are part of the net assets transferred will be deferred as long as they are still held and the business is continued.

5.2 Net wealth tax

5.2.1 Minimum NWT increased

The minimum NWT will be increased to €4,815 per year for entities having the sum of their fixed financial assets, amounts owed by affiliated undertakings, transferable securities, cash at bank, cash in postal check accounts and cash in hand exceeding:

- 90% of the total of their balance sheet of the year N-1.
- €350,000.

5.2.2 Clarification relating to the maintenance of the NWT reserve

The NWT reserve allows a reduction of the NWT liabilities provided that the reserve is maintained in the accounts of the taxpayer for 5 years. The draft bill will formally allow keeping the benefit of the NWT reduction if the NWT reserve is effectively maintained up to 5 years when transferred into another entity in case of liquidation, merger and migration out of Luxembourg.

5.3 Procedure /tax compliance

5.3.1 Modernization and strengthening of criminal tax provisions with the aggravated tax fraud offence and the inclusion of aggravated tax fraud and tax swindling into the list of primary money laundering offenses

Based on the draft bill, there will be three types of offences applicable for direct and indirect tax purposes:

- Simple tax fraud, which would be an administrative offence prosecuted by the Luxembourg tax authorities (with administrative court recourse for direct taxes and civil court recourse for indirect taxes).
- Aggravated tax fraud when the amount of the tax evaded is substantial, which would be a criminal offence prosecuted by the public prosecutor.
- Tax swindling which is also a criminal offence (remains unchanged).

The Luxembourg criminal code will also be amended to include aggravated tax fraud and tax swindling as primary money laundering offences.

5.3.2 Company direct tax returns: electronic filing will become compulsory and penalties will be introduced or reinforced.

- The electronic filing of direct tax returns (CIT, municipal business tax, and NWT) will be compulsory for companies as from 2017.
- The filing of a deliberately incomplete or incorrect direct tax return and the non-filing of direct tax returns should be subject to an administrative fine. The fine depends on the amount of the understated tax (or unduly reimbursed tax) and should range between 5% and 25% of that amount (also applicable for individual taxpayers).
- Penalties for late filing of direct tax returns will be increased to a maximum amount of €25,000 that could be charged every 3 months (also applicable for individual taxpayers).

5.3.3 Self-employed persons (“professions libérales”) earning €100,000 or more in annual turnover will no longer be exempt from keeping accounting records.

5.4 Individual taxpayers:

- The final withholding tax on interest paid to Luxembourg individual resident will be doubled to 20%.
- The 0.5% temporary tax to balance the state budget will be removed in 2017.
- Progression rates will be adapted and an income tranche taxed at 41% (as from €150,000) and another one taxed at 42% (as from €200,000) will be introduced.
- An option to file for individual or joint taxation tax returns for non-resident/resident married couples will be introduced.
- Other tax allowances for individuals are proposed in relation to, among others, pension and home savings.

5.5 Indirect taxes

- The ipso jure or de facto directors/managers, right holders (in case of decease or dissolution without liquidation), liquidators, and trustees will be jointly and personally liable for the value added tax (VAT) payment of the taxable persons and the Luxembourg VAT authorities will be entitled to issue a call in guarantee decision ("décision d'appel en garantie").
- Repeal of the 0.24% ad valorem registration duty (for the use of debt/receivable).

Currently, an agreement under private seal such as a loan agreement is not mandatorily subject to registration and registration duties resulting from such registration. However, when the receivable is used (e.g. in a notarial deed for a contribution in kind or produced in justice in front of a court or an official authority in Luxembourg), such document needs to be registered, triggering a 0.24% registration duty on the amount of the receivable.

The draft bill proposes to solely register those used documents, which must be mandatorily registered by law. Consequently the use of loan agreements and receivables will be no longer subject to registration and the 0.24% ad valorem registration duty.

6. ECJ case law on the VAT treatment of management of regulated investment companies investing in real estate

The ECJ in its decision of 9 December 2015 (Fiscale Eenheid X N.V. c.s.C-595/13) answered the question of whether the management of real estate investment companies can benefit from the VAT exemption provided for the management of special investment funds, and which services can benefit from this VAT exemption.

According to the ECJ, the fact that the company invests in real estate does not preclude its qualification as a special investment fund. The main condition to be fulfilled by a company investing in real estate to qualify as an investment fund, within the meaning of the VAT exemption, is to be subject to specific state supervision in its Member State.

With respect to the question whether property management services may benefit from the VAT exemption, the ECJ considered that the services that can benefit from the exemption include services relating to the selection, purchase and sale of immovable property. Furthermore, administrative and accounting tasks are also covered by the notion of management, in particular services such as computing income and the price of units or shares, valuing assets, accounting, preparing statements for the distribution of income, providing information and documentation for periodic accounts or tax, statistical and VAT returns, and preparing income forecasts.

On the contrary, the actual management of the immovable property cannot benefit from the exemption insofar as it is not specific to the management of special investment funds.

Though article 44, 1, d) of the Luxembourg VAT law on the exemption for management services of regulated funds does not specify the kind of investments the funds are entitled to perform to benefit from the VAT exemption, the discussed ECJ case provides legal certainty as it confirms the current Luxembourg practice.

7. Publication of the European Commission's decision in the Fiat case

The decision rendered by the European Commission on 21 October 2015 regarding the advance pricing agreement (APA) granted by the Luxembourg tax authorities to Fiat Finance & Trade Ltd (FFT) was finally published on 8 June 2016.

According to the document disclosed on the European Commission website, FFT provides treasury services and financing to Fiat group companies based in European countries and manages several intra-group cash pools.

The company obtained a tax ruling on transfer pricing (TP) by letter dated 3 September 2012. The purpose of the APA was to confirm the TP methodology used by FFT to determine the at arm's length remuneration of the capital at risk and the functions it performed.

In this particular case, the chosen methodology was the TNMM (transactional net margin method). The European Commission concluded that the granting of the APA by the Luxembourg tax authorities constitutes an unlawful State aid and an infringement to article 108 (3) of the Treaty on the Functioning of the European Union and has ordered immediate recovery of the incompatible State aid granted by the APA.

Luxembourg appealed against the decision on 4 December 2015 before the EU General Court. In the press release announcing the appeal against the EU Commission's decision, the Luxembourg government mentioned that: "The vast majority of EU Member States use tax rulings to provide legal certainty for the taxpayer. In its decision, the Commission has used unprecedented criteria in establishing the alleged State aid, thus putting into jeopardy the principle of legal certainty. In particular, the Commission has not established in any way that Fiat received selective advantages within the meaning of article 107 of the Treaty on the Functioning of the European Union."

8. Other tax news in brief:

8.1 Adoption of a directive on country-by-country reports

In connection with the Action 13 on country-by-country reporting of the OECD BEPS Action plan, the European Council has adopted, on 25 May 2016, a directive introducing for periods as from 2016:

- a requirement for large multinational groups to prepare and communicate to the tax authorities of the relevant EU Member State a country-by-country report including information on inter alia revenues, profits, taxes paid, capital, earnings, tangible assets and number of employees on a country-by-country basis; and
- an automatic exchange of such report between the tax authorities of the relevant EU Member States.

8.2 Political agreement at the EU level on the anti-avoidance directive:

On 21 June 2016, the 28 EU Finance Ministers reached a political agreement on the proposal for an EU directive laying down rules against tax avoidance practices. Most of the provisions of this directive derive from the OECD work on BEPS. The new directive proposal includes a general anti-abuse provision and rules on interest deductibility limitation, controlled foreign corporation (CFC), exit taxation and to address mismatches between EU Member States arising due to hybrid entities or instruments.

8.3 Law on automatic exchange of information on tax rulings

In a law of 23 July 2016, Luxembourg implemented in its legislation the EU Council Directive 2015/2376 of 8 December 2015 introducing between the EU Member States and the EU Commission an automatic exchange of information on cross border tax rulings and advance pricing agreements.

9. Disclaimer

This report summarizes the main Luxembourg tax developments and the most salient aspects of the current tax practice that took place between the end of 2015 and August 2016. The selected developments are mainly applicable to companies and are relevant to international tax practice. The information contained in this report is of a general nature, for information purposes only and should not be used as a substitute for professional advice. Professional advice should be sought upfront before carrying out any operation or implementing any structure. Due to the constant changes and amendments to Luxembourg legislation, there can be no guarantee that the information contained in this report is accurate as of the date it is received or that it will continue to be accurate in the future.

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11. About Dentons

About Dentons in Luxembourg

Strategically located at the heart of Europe, Luxembourg is a leading financial center and the second largest investment fund center in the world after the United States. As a founding member of the European Union, the country plays a prominent position in European affairs and is the home to main European institutions as well as many international companies and financial institutions.

Luxembourg's successful and innovative financial market is a result of the country's political stability coupled with an open minded, flexible and modern legal and regulatory framework, which is continuously updated to attract new forms of investment.

Over the years, specific regulatory frameworks have been created for alternative and venture capital investment funds, international pension funds, specialized investment funds, captive reinsurance companies, covered bond issuing banks, securitization vehicles and family wealth management companies.

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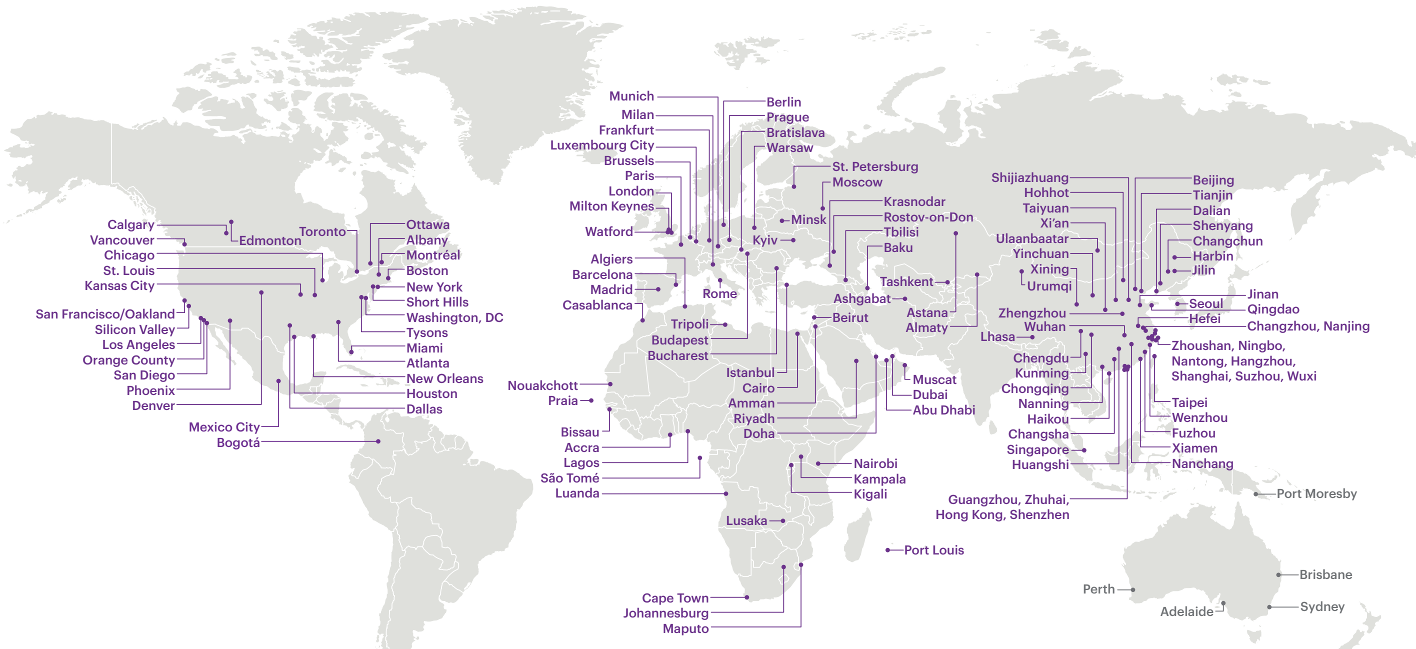

Legend
Locations in grey reflect combinations that have been approved but are not yet effective

Countries
58

Locations
143

Total number of lawyers
7300+

All timekeepers
9500+

Total number of people
13,500+

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