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Corporate Tax 2022

Luxembourg: Law & Practice

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AKD

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LUXEMBOURG

Law and Practice

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1. TYPES OF BUSINESS ENTITIES, THEIR RESIDENCE AND BASIC TAX TREATMENT

1.1 Corporate Structures and Tax Treatment

Businesses in Luxembourg are generally and historically conducted through limited liability companies with the following corporate form:

- private limited liability company (*société à responsabilité limitée*, or Sàrl);
- public limited liability company (*société anonyme*, or SA); and
- partnership limited by shares (*société en commandite par actions*, or SCA).

The Sàrl and the SA are the most commonly used corporate forms in Luxembourg. Both the Sàrl and the SA are incorporated by a notarial deed, are governed by a board of managers/directors and have a minimum nominal share capital of EUR12,000 (for the Sàrl) and EUR30,000 (for the SA). However, the shares of an Sàrl cannot be listed on a stock exchange, cannot be freely transferred, and the number of shareholders is limited to 100.

The SCA is the more commonly used legal form for collective investment structures. It is a partnership limited by shares, incorporated by a notarial deed and its shares can be listed. Next to its general partner, who governs the SCA and carries unlimited liability, the SCA must also have one or more limited partners.

These Luxembourg corporate forms are fully subject to Luxembourg tax, and more specifically to corporate income tax (CIT), municipal business tax (MBT), withholding tax (WHT) and net wealth tax (NWT).

Other legal forms, less commonly used, are:

- the simplified stock company (*société par actions simplifiée*, or SAS);
- the simplified private limited liability company (*société à responsabilité limitée simplifiée*, or Sàrl-S);
- the European company (*société européenne*, or SE);
- the cooperative (*société coopérative*, or Coop); and
- the European cooperative (*société coopérative européenne*, or SE Coop).

The common law concept of a trust does not exist under Luxembourg law. However, Luxembourg recognises trusts that are validly created in foreign jurisdictions.

1.2 Transparent Entities

Different from the corporate structures mentioned in **1.1 Corporate Structures and Tax Treatment**, Luxembourg has several legal forms that may even have legal personality but are in principle considered transparent for Luxembourg tax purposes (with a possible exception for MBT):

- common limited partnership (*société en commande simple*, or SCS); and
- special limited partnership (*société en commandite spéciale*, or SCSp).

The SCS and SCSp are the most commonly used transparent entities, especially in collective investment structures, and provide for more structural flexibility compared to the corporate forms. The SCS and SCSp are considered tax transparent and, as such, are not subject to tax (any income is recognised at the level of the partners). The main difference is that the SCS has legal personality, whereas the SCSp does not. Both the SCS and SCSp can be incorporated by notarial deed but can also be established under private seal.

The SCS and SCSp, even though considered tax transparent, may be subject to MBT if they are engaged in an active business enterprise or are deemed to be engaged in a business enterprise, which would be the case if the general partner of the SCS and SCSp holds at least a 5% interest.

Other, less commonly used, transparent entities are:

- the general partnership (*société en nom collectif*, or SNC); and
- the civil company (*société civile*, or SC).

1.3 Determining Residence of Incorporated Businesses

A company is a tax resident and subject to tax in Luxembourg on worldwide income if its statutory seat (*siège statutaire*) or place of central administration (*administration centrale*) is located in Luxembourg.

There is no separate definition in Luxembourg tax law of central administration, but it is generally understood as the place where the company is effectively managed and controlled; ie, where the management board resides and board meetings are generally held, where the company's officers make their day-to-day decisions, where the company's financial book and records are kept, where the central accounting is maintained and where other, similar factors evidencing management occur.

Companies that are incorporated in Luxembourg like the Sàrl, SA and SCA will be considered tax residents of Luxembourg irrespective of whether their central administration is located in Luxembourg.

1.4 Tax Rates

Corporate Tax Rates

In 2022, the general combined CIT rate for Luxembourg tax-resident companies is 24.94%.

- The CIT rate is 17% for income over EUR200,000. For corporate income below that threshold, the applicable CIT rate is as follows:
  - (a) 15% for income below EUR175,000; and
  - (b) EUR26,250 plus 31% for income above EUR175,000 and below EUR200,001.
- A 7% surcharge is calculated on the CIT rate for the contribution to the unemployment fund (increasing the CIT rate to 18.19%).
- The MBT, the rate of which depends on where the statutory seat is located, varies between 6.75% and 10.5%. For companies that are incorporated in Luxembourg City, the rate is 6.75%.

Luxembourg corporate companies are also subject to an annual NWT on their net assets, determined as per January 1st of each year at the following rates:

- 0.5% on the NWT base up to EUR500 million; and
- 0.05% on the NWT base portion exceeding EUR500 million.

A minimum amount of NWT applies of EUR4,815 if:

- the financial assets (eg, cash at bank, fixed assets and transferable securities) exceed 90% of the total gross assets; and
- the balance sheet total is higher than EUR350,000.

When one of these requirements is not met, the Luxembourg companies would be subject to a minimum amount of NWT varying between EUR535 (for a balance sheet total up to EUR350,000) and EUR32,100 (for a balance sheet total exceeding EUR20 million).

Please see **2.9 Incorporated Businesses and Notable Taxes** for further information on the NWT and minimum NWT.

Individual Tax Rates

Businesses owned by Luxembourg resident individuals directly or through a transparent entity are subject to their applicable progressive income tax rate, which ranges from 8% on taxable income in excess of EUR11,265 to 42% on income in excess of EUR200,004 (to be increased with a 7% contribution to the unemployment fund or 9% for income exceeding EUR150,000). The maximum rate would thus be 45.78%.

2. KEY GENERAL FEATURES OF THE TAX REGIME APPLICABLE TO INCORPORATED BUSINESSES

2.1 Calculation for Taxable Profits

The taxable result for Luxembourg companies is determined by the difference between the net assets invested at the end of the accounting period and the net assets invested at the start of the period, increased by the distributions made during the relevant period and decreased with the capital contributions made.

The taxable income is thus based on the company's commercial accounting (*accrochement fiscal*), unless Luxembourg tax law specifically exempts the income (eg, participation exemption), denies the deduction of expenses (eg, expenses in relation to exempt income) or imposes a different valuation principle (eg, arm's-length pricing principle).

For Luxembourg tax purposes, there is no distinction made between distributed and undistributed profits.

Luxembourg tax law further provides for depreciation and amortisation of assets used by Luxembourg companies.

Fixed assets may be depreciated for wear and tear provided that the useful economic life of the relevant asset is longer than one year and that the acquisition price is higher than EUR870. Land is not depreciable for tax purposes.

Depreciation is allowed on the basis of the cost and expected useful economic life of the asset, taking into account normal wear and tear (technical as well as economic), accelerated depreciation and obsolescence. The depreciation period begins at the moment the asset is acquired or utilised.

The depreciable base is the historic cost of the asset; ie, the acquisition price (or cost of production) increased by related non-recoverable levies, taxes, installation expenditures, etc.

Depreciation may be achieved as follows:

- the straight-line depreciation method, which is the most commonly used; or
- the declining-balance method, which is only used for certain tangible movable assets.

Luxembourg administrative circulars provide for the depreciation rate of certain assets. No specific rates have been established for the straight-line method given that the rate depends on the period of utilisation of the asset. The general applicable rates are as follows:

- 2% to 3% for office buildings, with an estimated useful economic life ranging from 20 to 50 years (land may not be depreciated);

- 4% to 5% for industrial business;
- 10% to 20% for office equipment; and
- 25% for vehicles.

When the relevant asset is transferred or disposed of, the capital gain or loss is determined as the difference between what is received upon disposal of the asset and the tax value of the asset itself (ie, its historical cost minus the depreciation and devaluation previously deducted).

2.2 Special Incentives for Technology Investments

There are no economic zones in Luxembourg.

Luxembourg tax law does provide for various incentives, subject to specific requirements, for, amongst others, risk capital, audio-visual activities, environmental protection, and research and development (R&D).

Investment Tax Credits

The most commonly used incentives are investment tax credits. Luxembourg tax law provides for two types of investment tax credits.

First, a tax credit is available that amounts to 13% of the increase in investments in tangible depreciable assets made during the tax year. The increase in investment over a given tax year is computed as the difference between the current value of all qualifying assets and the reference value allocated to the same type of assets.

Independently, the company may benefit from an 8% tax credit on the first EUR150,000 of qualifying new investments and a 2% tax credit on the amount of new investments exceeding EUR150,000 in tangible depreciable assets as well as investments in sanitary and central heating installation in hotel buildings and investments in buildings used for social activities. The above 8% and 2% rates are increased to 9% and 4% for investments eligible for special depreciation (ie, investments favouring the protection of the environment, the realisation of energy savings, or the creation of employment for handicapped workers). However, certain investments are excluded from the credit calculation, including investments in real estate, intangible assets and vehicles (unless specifically allowed by the law).

Intellectual Property

The OECD-driven new Luxembourg intellectual property (IP) regime has been applicable since 1 January 2018.

Per the revised IP regime, Luxembourg companies or Luxembourg permanent establishments of foreign companies (Beneficiaries) may benefit from an 80% exemption on eligible income derived from qualifying IP rights resulting from IP created, developed or improved by the Beneficiary as of 31 December 2007, either in Luxembourg or through a foreign permanent establishment located in a European Economic Area (EEA). In the case of the latter, the costs of the creation, development and improvement of the IP must be allocated to the Luxembourg Beneficiary per application of the relevant double tax treaty.

Qualifying IP rights include protected software and invention, utility models and certain patents. Trade marks and commercial IP assets are not qualifying.

Qualifying IP income includes:

- income earned for the use or for the concession of the right to use the eligible IP rights;
- capital gains realised upon disposal of the eligible IP assets;
- IP income incorporated in the price of products or services (ie, embedded royalties); and
- indemnities obtained in the framework of a legal or an arbitration proceeding related to the eligible IP.

The IP eligible income is determined by computing the IP income minus the (i) the total expenditure linked to the IP asset (ie, eligible expenditure, acquisition costs and R&D expenditure) and (ii) the indirect expenditure. On the basis of the OECD nexus approach principles, the net eligible IP income must be balanced on the basis of the "nexus ratio", which corresponds to the ratio between 130% of the eligible expenses and the total expenditure related to the IP. The nexus ratio may not be higher than 1.

2.3 Other Special Incentives

Financial Support for Research and Development

Luxembourg entities involved in innovative and R&D activities can benefit from financial support in addition to the specific IP tax regime and general tax incentives.

Innovation loans may be granted by the *Société Nationale de Crédit et d'Investissement* and may carry a fixed interest rate lower than the market rate. Financial support may also be granted in the form of cash grants or interest subsidies.

R&D projects or programmes may receive financial support up to a maximum eligibility (percentage of costs eligible for the incentives) depending on the size of the beneficiary. These incentives are available for experimental development, experimental development and co-operation, industrial research, industrial research and co-operation, or fundamental research.

Investment Funds

Investment funds incorporated as a company in Luxembourg – ie, undertakings for collective investment in transferable securities (UCITS), specialised investment funds (SIFs), investment companies in risk capital (SICARs) and reserved alternative investment funds (RAIFs) – may be exempt from CIT, MBT, NWT and WHT.

Private Wealth Management Company (Société de gestion du patrimoine familial, or SPF)

As a general rule, an SPF is exempt from Luxembourg CIT, MBT, NWT and WHT in Luxembourg. A yearly subscription tax of 0.25% is due on the basis of paid-up capital, share premium and excessive debts. Subscription tax, however, is capped at EUR125,000. As from 1 July 2021, an SPF will not be allowed to hold real estate investments indirectly via one or more Luxembourg or foreign transparent entities (ie, partnerships) or common funds (*fonds commun de placement*).

Securitisation Vehicles (Société de Titrisation, or SV)

A securitisation vehicle is subject to the normal CIT system and the minimum NWT, but commitments towards any holder of securities (both capital and debt) issued by the securitisation vehicle are tax deductible and not subject to WHT.

Financial Institutions

Banks, securities depositaries, and insurance and reinsurance companies, as well as other financial service companies, may benefit from specific regulations when establishing their taxable basis for CIT (eg, provision for the neutralisation of unrealised exchange gains, general banking risk provision, provision for guarantee of deposits, mathematical reserves and/or catastrophe reserves).

Shipping Companies

Luxembourg-resident shipping companies are not subject to MBT and can benefit from investment tax credits and accelerated depreciation (even for used assets).

2.4 Basic Rules on Loss Relief

Luxembourg tax law provides for a carry-forward of losses that are generated after 1 January 2017 for a maximum period of 17 years. Losses generated before January 2017 can be carried forward indefinitely. Losses cannot be carried back.

2.5 Imposed Limits on Deduction of Interest

Interest expenses (accrued or paid) are generally deductible in Luxembourg if they are made in the interest of the business enterprise of the company.

However, as from 1 March 2021, interest or royalties accrued should no longer be tax deductible when the beneficiary is a related enterprise established in a blacklisted country, unless it can be demonstrated that the transaction triggering the deductible interest or royalties is used for valid economic reasons reflecting economic reality. A country is blacklisted if it is listed in the European Union list of non-cooperative jurisdictions that for the first year was published on 1 March 2020, and for future years on January 1st of each year.

Furthermore, interest may not be deductible if it is:

- economically linked to income that is neither interest income nor exempt income and exceeds the higher of (i) EUR3 million or (ii) 30% of EBITDA (the Interest Deduction Limitation Rule, or IDLR);
- not in line with the arm's-length pricing principles or the thin capitalisation rules (no formal rules apply but generally an 85:15 ratio is applied for participations and real estate);
- historically and economically connected to exempt income; or
- due on certain profit participating bonds.

More specifically on the IDLR, excessive borrowing costs (ie, borrowing costs that are in excess of "interest revenues") shall only be deductible in the tax period in which they are incurred up to the higher of (i) 30% of the taxpayer's EBITDA or (ii) EUR3 million. Interest capacity may, however, be carried forward for a period of five years. Interest capacity is created when the amount of interest deducted for the year is below the limitation set by the IDLR. Interest capacity equals the difference between the interest that could have been deducted based on the IDLR and the amount of interest actually deducted.

Interest revenues means interest income or economically similar income. It is to be determined on a case-by-case basis if a gain realised on discounted and distressed debt is to be treated as interest revenues within the meaning of the IDLR.

2.6 Basic Rules on Consolidated Tax Grouping

Luxembourg companies may form a tax consolidated group (ie, fiscal unity), provided that the following conditions are met:

- each company that is part of the tax group is a fully taxable company that is resident in Luxembourg (the top entity may be a Luxembourg permanent establishment of a fully taxable non-resident company);
- at least 95% of each subsidiary's capital is directly or indirectly held by the head of the fiscal unity;
- each company's fiscal year starts and ends on the same date; and
- tax unity is requested jointly by the top company and each subsidiary that becomes a member of the group.

The fiscal unity applies for a minimum period of five years, and the taxable income/loss of the tax unity is computed as the sum of the taxable income/loss of each integrated entity.

Tax losses incurred before the consolidation period may be offset only against tax profits of the company that incurred the loss. Tax losses that are sustained by a group member during the consolidation period can be offset against the tax profits of the other group members. Tax losses arising during the consolidation period that remain after the consolidation remain attributed to the parent company.

Further to European Court of Justice case law dating 1 January 2016, the Luxembourg group consolidation rules have been extended to so-called horizontal tax consolidation; ie, qualifying companies held by a common parent company established in any EEA country and subject to a tax comparable to Luxembourg CIT in its country of residence (ie, minimum 8.5% CIT on a comparable basis) may form a tax consolidated group. A tax consolidated group may further include a Luxembourg permanent establishment of a company established in any country that is subject to a tax comparable to Luxembourg CIT. The permanent establishment is thus considered as the "integrated" entity.

2.7 Capital Gains Taxation

As a general rule, capital gains derived by Luxembourg companies are fully subject to CIT and MBT. It is possible to defer the taxation of gains on certain fixed assets where the proceeds are used to have the fixed asset replaced. Capital gains and hidden reserves may be deferred or exempted and remain untaxed in a merger or another form of reorganisation of resident companies or other EU companies under certain conditions.

Capital gains derived by Luxembourg resident companies from qualifying shareholdings are exempt from CIT and MBT. Subsidiaries are deemed qualifying if they meet one of the following characteristics:

- a Luxembourg resident entity fully subject to Luxembourg income taxes; or
- a non-resident capital company subject to an income tax in its country of residence comparable to the Luxembourg CIT (ie, minimum 8.5% CIT on a comparable tax basis); or
- an entity resident in a member state of the European Union as defined in Article 2 of EU Directive 2011/96/UE of 30 November 2011 (the Parent-Subsidiary Directive, or PSD).

Shareholdings are deemed qualifying if the shareholding:

- represents at least 10% of the nominal paid-up capital or, in the case of a lower percentage, has an acquisition cost price of at least EUR6 million; and
- has been held, or is committed to be held, at the time of the sale, for an uninterrupted period of at least 12 months.

Capital gains realised on the sale of shares are not exempt up to the amount of expenses previously deducted and economically related to the shares sold (recapture rule). Where such expenses resulted in a loss for the company, such losses can be carried forward up to 17 years to offset the taxable part of the capital gain so no taxation should occur.

Capital losses on qualifying subsidiaries are tax deductible.

2.8 Other Taxes Payable by an Incorporated Business

Value Added Tax (VAT)

Luxembourg entities, incorporated or not, are, in principle, required to be registered for VAT if they are engaged in activities subject to VAT. Luxembourg entities that are only carrying on VAT-exempt activities are not required to register for VAT unless they are liable to self-assess VAT on goods or services received from abroad.

Luxembourg entities whose activities are subject to VAT, and not exempt, are entitled to offset against their VAT payable the amount of VAT charged to them by their suppliers or self-assessed by them on import or acquisitions of goods or services from abroad.

Luxembourg VAT is due at the standard rate of 17% on the supply of goods and services that are deemed to take place in Luxembourg. Lower VAT rates may be applicable, as follows:

- 14% on some wine, advertising pamphlets, management and safekeeping of securities, management of credit and credit guarantees;
- 8% on the supply of gas or electricity; and
- 3% on food and (most) non-alcoholic beverages, pharmaceutical products, books and e-books, most radio and television broadcasting services, shoes, accessories, and certain children's clothing.

Banking, financial, insurance, fund management and reinsurance transactions are generally exempt from Luxembourg VAT. Services that have a direct and immediate link with VAT-exempt activities cannot be deducted/refunded except when related to services performed for persons established outside the European Union.

Two or more Luxembourg entities can opt for the VAT grouping regime to act as a single VAT person. Transactions between VAT group members are disregarded for VAT purposes, and only the VAT returns of the group must be submitted.

Customs/Excise Duties

Based on a European regulation and in addition to VAT, goods entering the territory of the European Union may be subject to customs duties/import tariffs. Applicable rates are based on the nature and quantity of the products.

In Luxembourg, these products are electricity, mineral oils, manufactured tobacco and alcohol.

Registration Duty

A fixed registration duty of EUR75 is levied on transactions involving Luxembourg legal entities that need to be registered in the public register (ie, incorporation, amendment to the articles of association and transfer of seat to Luxembourg).

Chamber of Commerce Fee

Luxembourg companies that mainly perform a holding activity are subject to a lump sum contribution fee of EUR350. Luxembourg companies in a loss situation are subject to a minimum contribution of EUR70 for an Sàrl and EUR140 for other corporate companies. Luxembourg companies that are neither performing a sole holding activity nor are in a loss situation are subject to the contribution at a decreasing rate, from 0.2% for income up to EUR49,500,000 to 0.025% for income above EUR111,500,000.

Real Estate

A sale or transfer of immovable property located in Luxembourg is generally subject to a transfer tax of 7% (plus a city surtax of 3% if the building is located in Luxembourg City) unless exempt in the context of a reorganisation. If the immovable property located in Luxembourg is contributed in exchange for shares, a proportional registration duty of 1.1% applies (plus a city surtax of 0.3% if the building is located in Luxembourg City).

As from 1 January 2021, undertakings for collective investment Part II, SIFs and RAIFs (provided that these investment funds have legal personality) are subject to the annual real estate tax (*prélèvement immobilier*) that is levied annually on the gross amount of the real estate income, excluding VAT. The types of income subject to this annual real estate tax are rental income, capital gains and any income from the disposal of interests (any transfer of property incurring through a sale, exchange, contribution, merger, demerger or liquidation) of a transparent entity holding property situated in Luxembourg.

2.9 Incorporated Businesses and Notable Taxes

Net Wealth Tax

Luxembourg companies are subject to an annual NWT on their net assets on January 1st at the rate determined in the following manner:

- a 0.5% rate on the NWT base up to EUR500 million; and
- a 0.05% rate on the NWT base portion exceeding EUR500 million.

Under the same conditions as for the participation exemption for dividends (except that no minimum holding period is required; please see **6.3 Taxation on Dividends from Foreign Subsidiaries**), qualifying participations held by Luxembourg companies are exempt from NWT.

Debt payables can be deducted against the fair market value of the assets to the extent that they are not in direct economic connection with assets exempt from NWT.

The annual NWT may reduce the CIT liability of the previous year, if any, and provided that the Luxembourg company establishes a specific NWT reserve representing five times the NWT reduction demanded. This reserve should be kept for at least five years, otherwise the NWT reduction granted is to be fully recovered.

Luxembourg companies are further subject to a minimum NWT of EUR4,815 if their financial assets (eg, cash at bank, fixed assets and transferable securities) exceed 90% of their total gross assets and (ii) their balance sheet total is higher than EUR350,000.

Alternatively, where the above requirements are not met, a Luxembourg company would be subject to the minimum NWT varying from EUR535 to EUR32,100, depending on the balance sheet total.

Where a Luxembourg company is part of a fiscal unity, the aggregate minimum NWT due by members of the fiscal unity group is limited to EUR32,100.

The minimum NWT is automatically reduced by the CIT liability of the previous year, if any.

3. DIVISION OF TAX BASE BETWEEN CORPORATIONS AND NON-CORPORATE BUSINESSES

3.1 Closely Held Local Businesses

Most local businesses in Luxembourg usually operate in a corporate form.

3.2 Individual Rates and Corporate Rates

The aggregate Luxembourg CIT rate is lower (ie, 24.94%) than the maximum individual tax rates (ie, 45.78%). However, upon distribution of the profits by the Luxembourg company, the Luxembourg resident individual would be subject to a (reduced) income tax rate, that in combination with the CIT rate would result in approximately the same applicable tax rate as the maximum individual tax rate. No specific rules are in place to prevent individual professionals from earning their income through Luxembourg companies subject to CIT rates.

3.3 Accumulating Earnings for Investment Purposes

Controlled Foreign Corporation (CFC)

Luxembourg historically did not have any rules preventing domestic or foreign closely held corporations from accumulating earnings for investment purposes. However, further to the introduction of controlled foreign companies rules, imposed under the first EU Anti-Tax Avoidance Directive (ATAD 1), Luxembourg has introduced rules that target non-distributed income of controlled foreign corporations arising from non-genuine arrangements that have been put in place for the essential purpose of obtaining a tax advantage.

An entity is a controlled foreign company if the taxpayer by itself or together with its associated enterprises holds a direct or indirect participation of more than 50% of the voting rights or capital, or is entitled to receive more than 50% of the profits of that entity.

A tax advantage will be considered obtained if the actual corporate income tax paid by the controlled foreign corporation is lower than 50% of the CIT charge that would have been payable in Luxembourg under Luxembourg domestic tax rules had the controlled foreign corporation been resident or established in Luxembourg.

If both these tests are met, the taxpayer should include in its taxable basis the non-distributed income of the controlled foreign corporation to the extent arising from non-genuine arrangements, except if the controlled foreign corporation has an accounting profit of no more that EUR750,000 or an accounting profit of no more than 10% of its operating costs for the period.

3.4 Sales of Shares by Individuals in Closely Held Corporations

Dividends derived by Luxembourg resident individuals are, in principle, fully subject to personal income tax. However, dividends derived from a qualifying shareholding benefit from a 50% exemption.

Shareholdings are deemed qualifying if they meet one of the following conditions:

- a Luxembourg resident entity fully subject to Luxembourg income taxes; or
- a non-resident capital company subject to an income tax in its country of residence comparable to the Luxembourg CIT (ie, minimum 8.5% CIT on a comparable tax basis); or
- an entity resident in a member state of the European Union as defined in Article 2 of the PSD.

Capital gains derived by Luxembourg resident individuals on the sale of shares are subject to personal income tax.

- If the sale of shares occurs less than six months after acquisition, at the normal progressive income tax rate.
- If the sale of shares occurs more than six months after acquisition:
  - (a) and the shares represent less than a 10% shareholding, the capital gain will be fully tax exempt; or
  - (b) the shares represent more than 10%, at 50% of the applicable personal income tax.

Individuals further benefit from a EUR50,000 allowance on the capital gain (EUR100,000 in the case of joint taxation).

3.5 Sales of Shares by Individuals in Publicly Traded Corporations

Capital gains realised by individuals on the sale of shares in publicly traded companies follow the same rules as capital gains derived from non-listed companies.

4. KEY FEATURES OF TAXATION OF INBOUND INVESTMENTS

4.1 Withholding Taxes

Luxembourg does not impose a WHT on arm's-length royalty payments and interest payments, except for interest paid on certain profit participating bonds.

Dividend distributions (including hidden dividend distributions) are, in principle, subject to a 15% WHT (or 17.65% if the dividend WHT is not charged to the shareholder, gross up), unless a lower rate applies under applicable tax treaties.

A domestic exemption from WHT on dividends applies if the following conditions are met.

- The parent company is:
  - (a) a fully taxable Luxembourg resident company; or
  - (b) an entity resident in a member state of the European Union as defined in the PSD or a permanent establishment of such company; or
  - (c) a company resident in a member state of the EEA other than an EU member state and is subject to a comparable tax, or a permanent establishment of such company; or
  - (d) a company resident in a jurisdiction with which Luxembourg has concluded a treaty for the avoidance of double taxation and is subject to a comparable tax; or
  - (e) a company resident in Switzerland and subject to tax in Switzerland without benefiting from an exemption; and
- the parent company holds, or commits itself to hold, a participation of at least 10% in the share capital of the Luxembourg company paying the dividend or, in the case of a lower percentage, a participation having an acquisition price of at least EUR1,200,000 for an uninterrupted period of at least 12 months.
- The exemption from WHT does not apply if the dividend is paid in the context of an artificial structure or artificial transaction (general anti-abuse rule, or GAAR).

Distributions of profits in the context of a liquidation or partial liquidation of the Luxembourg company are not subject to WHT.

4.2 Primary Tax Treaty Countries

As a jurisdiction with one of the largest networks of double tax treaties and being a recognised and preferred jurisdiction for setting up platform investment structures and real estate holding structures, a wide number of countries are investing through Luxembourg and there is no specific tax treaty that would prevail over another.

Furthermore, Luxembourg signed the OECD's Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting (the "Multilateral Instrument", or MLI) on 7 June 2017 and opted to apply the principal purpose test (PPT) to all its tax treaties. The PPT allows the Luxembourg tax administration to deny the benefits of the application of a double tax treaty in situations where the purpose of the structure or transaction was to obtain a tax benefit that would not have been granted otherwise.

Luxembourg currently has 84 tax treaties concluded and 18 tax treaties pending negotiation.

4.3 Use of Treaty Country Entities by Non-treaty Country Residents

Although Luxembourg always had a rather general anti-abuse provision (GAAR), historically Luxembourg did not really challenge the use of tax treaty jurisdictions or entities covered by the

EU parent subsidiaries by non-treaty country residents.

However, as per the introduction of the PSD-driven GAAR, the benefits provided by the amended PSD (ie, exemption of tax for dividends received and WHT for dividends paid) are not available for arrangements that are put in place in which one of the main purposes is obtaining a tax advantage that defeats the object or purpose of the Directive and is "not genuine".

An arrangement is considered "not genuine" in so far as it was not structured for "valid commercial reasons that reflect economic reality". The Luxembourg tax authorities have not yet provided any further guidance or interpretation of these EU-driven measures.

It is noted that:

- the exemption from Luxembourg WHT may still be available if the EU parent is a corporate entity that is fully liable to a tax similar to the Luxembourg CIT and that resides in any country (including one within the European Union) that maintains a tax treaty with Luxembourg; and
- the exemption from CIT for dividends received may still apply if the subsidiary is a corporate entity that is fully subject to a tax similar to the Luxembourg CIT.

4.4 Transfer Pricing Issues

Although Luxembourg did already apply the arm's-length pricing principle, the principle itself was only codified in Luxembourg tax law in 2014, stating that pricing of transactions between related parties (cross-border as well as domestic) is to be determined for tax purposes as if these parties were unrelated and that sufficient supporting documentation is kept on record.

The Luxembourg tax administration has issued further guidance for Luxembourg companies engaged in intra-group financing activities.

- On the application of transfer pricing methodology (ie, return on equity approach) to determine the remuneration, reference is made to OECD guidelines.
- On the Luxembourg economic and organisational substance:
  - (a) the majority of the members of the board of directors, the directors or the managers who have the capacity to engage the group financing company are residents or non-residents carrying on a qualifying professional activity in Luxembourg and taxable in Luxembourg on at least 50% of their income; and in the event that a legal person is a member of the board of directors, it must have its registered office and its central administration in Luxembourg;
  - (b) the company must have qualified personnel able to control the transactions carried out by the company; it may nonetheless outsource the functions that do not have a significant impact on the control of the risk;
  - (c) key decisions relating to the management of the company must be made in Luxembourg;
  - (d) at least one general meeting must be held each year in Luxembourg; and
  - (e) the company must not be considered tax resident of another state.
- Relating to disclosure of being engaged in transactions with related parties.

If a Luxembourg company is not in line with these published guidelines, the Luxembourg tax administration may decide to automatically exchange information.

4.5 Related-Party Limited Risk Distribution Arrangements
Related-party risk distributions are subject to the arm's-length principles.

4.6 Comparing Local Transfer Pricing Rules and/or Enforcement and OECD Standards
The Luxembourg tax administration has specifically stated that the Luxembourg transfer pricing rules will rely on the OECD standards and guidelines.

4.7 International Transfer Pricing Disputes
Generally, resolving disputes through double tax treaties and mutual agreement procedures is a time-consuming process and therewith not often used. Guidance was published (Circular D.I. No 60 on 11 March 2021) to facilitate these procedures.

In 2020, 156 requests for a mutual agreement procedure were submitted and 181 requests were closed in 2020.

5. KEY FEATURES OF TAXATION OF NON-LOCAL CORPORATIONS

5.1 Compensating Adjustments when Transfer Pricing Claims Are Settled
No information has been provided in this jurisdiction.

5.2 Taxation Differences between Local Branches and Local Subsidiaries of Non-local Corporations
Local branches of non-resident corporate companies are not taxed differently to Luxembourg resident companies for CIT purposes. The branch is only subject to MBT if the branch is carrying on a commercial activity in Luxembourg.

5.3 Capital Gains of Non-residents
Non-resident capital gains are only subject to Luxembourg income tax:

- in the case of a capital gain derived from the sale of shares in a Luxembourg company (irrespective of whether the Luxembourg company would predominantly own real estate located in Luxembourg) (i) that belongs to a direct shareholding representing more than 10% in the Luxembourg company, and (ii) the shares sold were acquired less than six months prior to the sale; or
- where the selling shareholder of the Luxembourg company was a Luxembourg resident for more than 15 years and became a non-resident less than five years before the moment of the sale of the shares in the Luxembourg company.

Even though the non-resident capital gains tax is not often triggered, the large network of double tax treaties that Luxembourg has concluded generally provides for taxation of the capital gain in the state where the alienator is located.

5.4 Change of Control Provisions
Luxembourg tax law does not provide for specific change of control provisions, although a change of control of a Luxembourg company having suffered substantial tax-deductible losses may jeopardise the 17-year loss carry-forward as it may be considered abusive under the GAAR.

5.5 Formulas Used to Determine Income of Foreign-Owned Local Affiliates
Other than the general arm's-length principle for transactions between related parties, no formulas are used in Luxembourg to determine the income of foreign-owned local affiliates selling goods or providing services.

5.6 Deductions for Payments by Local Affiliates

Expenses incurred by a non-local affiliate can only be deducted by a Luxembourg company if and when:

- they are on-charged to the Luxembourg company;
- the on-charge is in the interest of the business enterprise; and
- the expense is compliant with the arm's-length principle.

5.7 Constraints on Related-Party Borrowing

Related-party borrowings paid by foreign-owned Luxembourg subsidiaries to foreign companies are subject to the Luxembourg arm's-length principles as well as the interest deduction limitation rules (see **2.5 Imposed Limits on Deduction of Interest**).

6. KEY FEATURES OF TAXATION OF FOREIGN INCOME OF LOCAL CORPORATIONS

6.1 Foreign Income of Local Corporations

Luxembourg tax-resident companies are subject to taxation on their worldwide income, including foreign income, causing potentially double taxation.

If double taxation is not eliminated under the applicable tax treaty, Luxembourg domestic tax law provides for a tax credit of foreign tax incurred. This provision allows the deduction of foreign tax paid (that must be corresponding to the Luxembourg CIT) relating to the foreign income against the Luxembourg CIT (and thus not MBT) but the tax credit cannot be more than the Luxembourg CIT due on that same amount of income. Any foreign taxes paid in excess of the tax credit are deductible as an expense.

Per application of the double tax treaties with Luxembourg, foreign real estate income and income from permanent establishments are generally exempt from taxation (CIT and MBT) in Luxembourg where foreign withholding taxes can typically be credited against Luxembourg tax.

6.2 Non-deductible Local Expenses

Expenses in economic relation to exempt income are not tax deductible in Luxembourg. These expenses typically include interest expenses on the loans financing the asset generating exempt income but expenses can also be allocated on a pro rata basis (see **2.5 Imposed Limits on Deduction of Interest**).

6.3 Taxation on Dividends from Foreign Subsidiaries

Dividends (including liquidation dividends) derived from a shareholding are exempt from CIT and MBT in Luxembourg if the following apply.

- The Luxembourg company owns a direct participation representing at least 10% of the nominal paid-up share capital of its subsidiary or, in the event of a lower percentage, a direct participation having an acquisition price of EUR1,200,000; and
- the Luxembourg company held (or committed itself to hold) such qualifying participation for an uninterrupted period of at least 12 months (if the 12-month period is not met, 50% of the dividend income may still be exempt); and
- the subsidiary entity is:
  - (a) a Luxembourg resident entity fully subject to Luxembourg income taxes; or
  - (b) a non-resident capital company subject to an income tax in its country of residence comparable to the Luxembourg

CIT (ie, minimum 8.5% corporate income tax on a comparable tax basis) (Comparable Tax Test); or
(c) an entity resident in a member state of the European Union as defined in Article 2 of the PSD.

Where a dividend is received from a subsidiary mentioned under the second point above, the exemption does not apply if:

- the dividend received has been deducted from the taxable base in the jurisdiction of the subsidiary; or
- the dividend is received in the context of an artificial structure or artificial transaction (PSD general anti-abuse rules).

6.4 Use of Intangibles by Non-local Subsidiaries

The use by a foreign subsidiary of intangibles developed by a Luxembourg company must be remunerated (ie, royalties) as per application of the arm's-length pricing principle guidelines. The royalties received derived by the Luxembourg company are fully subject to taxation. Please refer to **2.2 Special Incentives for Technology Investments** for a description of the new IP regime.

6.5 Taxation of Income of Non-local Subsidiaries under Controlled Foreign Corporation-Type Rules

CFC rules were transposed in Luxembourg tax law on 21 December 2018 and are applied with no distinction between foreign subsidiaries and foreign permanent establishments.

CFC Definition

A CFC is defined as an entity or a permanent establishment (i) whose income is neither taxable nor exempt in Luxembourg and (ii) that meets the following conditions.

- In the context of an entity, the Luxembourg taxpayer, alone or together with its associated enterprises, holds a direct or indirect participation of more than 50% in such entity. The threshold is determined in terms of participation in the share capital, voting rights or the entitlement to profits.
- The entity or permanent establishment is subject to a corporate tax lower than 50% of the Luxembourg CIT that would have been levied if the entity or permanent establishment had been established in Luxembourg. A permanent establishment of a CFC that is neither taxable nor tax exempt in its state of location is not taken into account for the above.

The term "associated enterprises" refers to:

- resident or non-resident taxpayers subject to Luxembourg CIT, or entities that are transparent under Luxembourg law (eg, partnerships), in which the taxpayer holds directly or indirectly a participation in terms of voting rights or capital ownership of 25% or more, or is entitled to receive 25% or more of the profits of that entity;
- individuals, resident or non-resident taxpayers subject to Luxembourg CIT or transparent entities that hold directly or indirectly a participation in terms of voting rights or capital ownership in the taxpayer of 25% or more, or are entitled to receive 25% or more of the profits of the taxpayer; and
- all entities, including the taxpayer, that are held directly or indirectly by an individual or a resident or non-resident corporate taxpayer or a transparent entity for 25% or more in terms of voting rights or capital ownership in the taxpayer and one or more entities.

Rules Governing Taxation of CFC Income

The non-distributed income of a CFC is to be included in the tax base of the Luxembourg company if the income arises from non-genuine arrangements that have been put in place for the main purpose of obtaining a tax advantage. Interim dividends (ie, distributions allocating profits of the same tax year) distributed by the CFC reduce the amount of the CFC inclusion.

An arrangement or a series of arrangements is regarded as non-genuine provided that, if it were not controlled by a taxpayer who carries out the significant people functions relevant to those assets and risks, and are instrumental in generating the CFC's income, the CFC would not own the assets that generate all or part of its income or would not have undertaken the risks.

The net income included in the Luxembourg tax base is limited to the amounts derived from assets and risks in relation to which the significant people functions are carried out by the controlling Luxembourg entity, as determined in application of the arm's-length principle under the Luxembourg transfer pricing provisions.

The net included income is deemed a commercial profit. As such, expenses are deductible only to the extent that they are economically linked to the income that is to be included in the tax base. Only positive net income is taken into consideration; negative net income is not included in the tax base in order to avoid that such negative income of the CFC artificially reduces the tax burden of the taxpayer.

However, where the CFC realises a positive total net income, the taxpayer may deduct the negative net income (which has not been previously deducted nor could be deducted in any subsequent years) up to this total. In other words, the negative net income of the CFC can only be compensated with its own positive net income. This applies to losses realised by a CFC after the entry into force of the CFC provisions. The income to be included in the tax base is calculated in proportion to the taxpayer's participation in the CFC.

Where the taxpayer disposes directly or indirectly of its participation in the CFC or the permanent establishment, any part of the capital gain from such disposal that has been previously included in the tax base of the Luxembourg taxpayer as CFC income will be deducted from the tax base up to the amount of such part of the capital gain (unless already exempt).

CFC income is excluded from the MBT basis.

6.6 Rules Related to the Substance of Non-local Affiliates

The EU GAAR as implemented in Luxembourg tax law (as outlined in **4.3 Use of Treaty Country Entities by Non-treaty Country Residents**) may also be used to validate the substance and presence of a company in a foreign country. In order to meet the EU GAAR, the foreign company must not be considered "not genuine" in so far as it was structured for "valid commercial reasons that reflect economic reality". Such a requirement is generally more easily met if the foreign company has sufficient substance in the foreign country.

6.7 Taxation on Gain on the Sale of Shares in Non-local Affiliates

Please see **2.7 Capital Gains Taxation**.

7. ANTI-AVOIDANCE

7.1 Overarching Anti-avoidance Provisions

Luxembourg tax law includes anti-abuse provisions relating to (i) the simulation and (ii) the abuse of tax law.

The simulation of tax law refers to fictitious situations where the legal description of a structure or transaction does not match its factual reality. To that end, Luxembourg tax law is applied per application of the "substance over form" principle, according to which, the tax treatment of a structure or transaction is not tied to its legal characterisation, and taxation is determined on the sole basis of the substance of the structure or transaction.

The abuse of tax law (*abus*) refers to situations where a structure or transaction is in violation of the spirit of the law. In such cases, the taxation is established as if the structure or transaction had been set up according to the law.

Furthermore, Luxembourg signed the MLI on 7 June 2017 and opted to apply the PPT to all its tax treaties (please see **4.2 Primary Tax Treaty Countries**).

8. AUDIT CYCLES

8.1 Regular Routine Audit Cycle

Luxembourg companies' annual accounts must be subject to an audit performed by a statutory auditor (*Réviseur d'entreprise agrée*), unless an exemption is available.

Small-sized companies are exempt from the obligation to be audited. Luxembourg companies are deemed "small companies" if at least two out of the following conditions are met, for two consecutive years:

- the annual balance sheet total of the Luxembourg company does not exceed EUR4.4 million;
- the annual turnover of the Luxembourg company does not exceed EUR8.8 million; and
- the average number of full-time staff employed by the Luxembourg company does not exceed 50.

For an SA that meets these requirements, a report would still need to be made by an internal auditor (*commissaires aux comptes*). Companies subject to the supervision of the *Commission de Surveillence du Sector Financier* (CSSF) or *Commissariat aux Assurances* (CAA) as well as securitisation vehicles must have their annual accounts audited, whatever the size and the legal form of the company.

9. BEPS

9.1 Recommended Changes

Most of the BEPS recommended action points have already been implemented in Luxembourg via the transposition of related European directives (ATAD 1 and 2):

- Action 2 – anti-hybrid rules;
- Action 3 – CFC;
- Action 4 – interest deduction limitation rules;
- Action 5 – IP box;
- Action 6 – treaty abuse;
- Action 8-10 – transfer pricing;
- Action 13 – country-by-country reporting (CbCR); and
- Action 15 – Multilateral Instrument.

9.2 Government Attitudes

With the events of "LuxLeaks", the "Panama Papers" and the state aid investigations initiated by the European Commission against Luxembourg still freshly in the mind, Luxembourg has positioned itself as a full supporter of the fight against harmful tax competition and therewith of the BEPS initiative (resulting in ATAD 1 and 2 and the MLI). It is to be expected that Luxembourg will continue supporting any further developments.

Pillars One and Two will be implemented in Luxembourg domestic legislation through EU directives. The impact of these measures is expected to be moderate, taking into account the various exclusions and the threshold of global turnover and profitability.

9.3 Profile of International Tax

Luxembourg has been for many years the jurisdiction of choice for cross-border investment structures for large multinational enterprises all over the world as well as for the largest (regulated and unregulated) collective investment structures; ie, UCITS and alternative investment funds (AIFs). Given this rather high public profile for international tax in Luxembourg, you would expect Luxembourg to be reluctant to implement the BEPS recommendations but, as we have seen, Luxembourg has proven the contrary by fully supporting the BEPS initiative and largely implementing the recommendations.

9.4 Competitive Tax Policy Objective

Given the size of Luxembourg as a jurisdiction, Luxembourg will always want to remain competitive with its fellow EU member states with regard to taxation, but has accepted that because of the success of the BEPS initiative, it will not strive to continue the success of previous years.

9.5 Features of the Competitive Tax System

One of the features of the competitive tax system in Luxembourg has always been the advance tax ruling (ATR) and advance pricing agreements (APAs) system. Although the tax ruling system is still in place, it has been completely reorganised and lost therewith most of its attraction. This development has largely been motivated by the ongoing state aid investigations initiated by the European Commission against Luxembourg (but also Belgium, the Netherlands and Ireland) structures that were all covered by an ATR or APA.

9.6 Proposals for Dealing with Hybrid Instruments

Luxembourg has successfully implemented ATAD 1 of 12 July 2016, which aims to neutralise hybrid mismatches. As the scope of these hybrid mismatch rules only covers hybrid mismatches between member states of the European Union, the impact was rather limited.

However, the law implementing the provisions of ATAD 2 of 29 May 2017 was passed by the Luxembourg Parliament on 19 December 2019, and entered into force on 1 January 2020. ATAD 2 extends the scope of the hybrid mismatch rules to:

- hybrid mismatches with third countries; and
- additional types of hybrid mismatches, mainly imported mismatches, hybrid transfers, tax residency mismatches and reverse hybrid mismatches.

Based on the law, a hybrid mismatch is a situation where a payment under a financial instrument gives rise to a deduction without inclusion income where:

- such payment is not included for tax purposes at the level of the beneficiary within a reasonable period of time; and
- the mismatch outcome is attributable to the difference in the characterisation of the instrument or the payment made under it.

In the case of deduction without inclusion, the deduction shall be denied at the level of the payer. A hybrid mismatch situation can also arise if payments are made to a hybrid entity.

A hybrid mismatch would be limited to situations arising between associated enterprises. Generally, an associated enterprise would be defined as:

- an entity in which the taxpayer holds directly or indirectly a participation in terms of voting rights or capital ownership of 25% or more, or is entitled to receive 25% or more of the profits of that entity; or
- an individual or entity that holds directly or indirectly a participation in terms of voting rights or capital ownership in a taxpayer of 25% or more, or is entitled to receive 25% or more of the profits of the taxpayer.

The threshold is increased to 50% in certain situations. A definition of associated enterprise would also include an entity that is part of the same consolidated group for financial accounting purposes as the taxpayer, an enterprise in which the taxpayer has a significant influence in the management, or an enterprise that has a significant influence in the management of the taxpayer.

In addition, in order to avoid that the threshold of 50%/25% in relation to associated enterprises is circumvented by notably splitting the holding of the participation into several persons or entities, the law provides that an individual or entity who is acting together with another individual or entity in respect of the voting rights or capital ownership of an entity shall be treated as holding a participation in all of the voting rights or capital ownership of that entity that are held by the other individual or entity.

As from 1 January 2022, the reverse hybrid rules apply for fiscal years closing in 2022. Reverse hybrid entities are defined as entities established in Luxembourg that are treated as transparent for Luxembourg tax purposes (eg, partnerships), but that are viewed as taxable opaque entities by one or more non-resident associated enterprises holding in the aggregate, directly or indirectly, at least 50% of the voting rights, capital ownership or profit interest in such hybrid entity. Under these reverse hybrid rules, a Luxembourg partnership may become subject to CIT (but not MBT or NWT) to the extent that this income will not otherwise be taxed under the laws of Luxembourg or any other jurisdiction. Luxembourg was also known for its (hybrid) financing structures with the USA; eg, preferred equity certificates (PECs) and convertible preferred equity certificates (CPECs). These very common structures have largely lost interest as they were affected by ATAD 2.

9.7 Territorial Tax Regime

Luxembourg does not have a territorial tax system but rather a tax system that taxes worldwide income and allows for exemptions for certain foreign income under the participation exemption and under tax treaties. Because of these exemptions, the interest deduction limitation is of lesser relevance for people investing in Luxembourg.

9.8 Controlled Foreign Corporation Proposals

No information has been provided in this jurisdiction.

9.9 Anti-avoidance Rules

Luxembourg has been for many years the jurisdiction of choice for cross-border investment structures for large multinational enterprises all over the world as well as for the largest (regulated and unregulated) collective investment structures (ie, UCITS, AIFs).

The possibility of benefiting from the Luxembourg tax treaty network has been a part of that success. The introduction of the PPT under the MLI will definitely have an impact on the ability to benefit from the tax treaty network for some investment structures, but most of the investment structures with the appropriate adjustments, sufficient business rationale and substance should continue to benefit from the tax treaty network.

9.10 Transfer Pricing Changes

Luxembourg has never been very successful in attracting IP-related activities so the changes related thereto in transfer pricing were not perceived as difficult.

The primary changes in transfer pricing principles were more aimed at intra-group financing activities, but as the effective (tax) impact of these changes was rather small, these changes were not a source of controversy.

9.11 Transparency and Country-by-Country Reporting

Luxembourg has implemented the laws requiring CbCR to increase transparency in cross-border transactions. Although we all should be in favour of increased transparency in international tax matters, the authors believe that the cacophony of new reporting measures – the Foreign Account Tax Compliance Act, CbCR, the Common Reporting Standard, Council Directive (EU) 2018/822 of 25 May 2018 (DAC 6), automatic exchange tax ruling, ultimate beneficial owner register, etc – overreaches by far its goals and will eventually be counter-productive.

9.12 Taxation of Digital Economy Businesses

No suggestions, proposals or changes have been initiated in Luxembourg in relation to the taxation of digital economy businesses operating from outside Luxembourg.

9.13 Digital Taxation

In the context of the OECD's interim report on the "Tax Challenges Arising from Digitalisation", released on 16 March 2018, the European Commission issued two directive proposals on 21 March 2018 for a common system of digital services tax on revenues from certain digital services.

This approach is aimed at preventing disparities within the European Union resulting from the implementation of unilateral measures by each member state. The proposed directives introduce a co-ordinated tax (the digital service tax) of 3% on gross revenues from qualifying services, to be applied on profits derived from digital services provided by foreign companies with significant digital presence in Luxembourg.

Luxembourg has expressed concerns that this approach will make the European Union less competitive than non-European Union countries as well as threaten business relations with the USA, which is the country of establishment of approximately half the companies that would fall within this approach.

9.14 Taxation of Offshore IP

Luxembourg tax law does not set forth any provisions dealing with the taxation of offshore IP deployed within Luxembourg.

AKD is a leading Benelux law firm with over 475 lawyers, tax advisers, civil law notaries and support staff in Belgium, the Netherlands and Luxembourg. For its clients, the firm is the gateway from, to and in the Benelux. Luxembourg has long been at the forefront of the trends and evolutions relating to the financial markets and structured finance environment. A well-established financial centre in Europe with worldwide recognition, it is known as one of the world's safest and most business-friendly environments. AKD's Luxembourg office boasts a highly experienced team of lawyers and tax specialists, offering top-level service and putting strong emphasis on customer care. The team works closely with many US and UK international firms that do not have a footprint in Luxembourg. Luxembourg's famously diverse population is reflected in AKD's multilingual and multinational staff.

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