



Smith & Smith

Luxembourg Company Formation

Introduction to Company Incorporation Luxembourg

FORMING A COMPANY AND SETTING UP A BUSINESS IN LUXEMBOURG

REGISTER A COMPANY IN LUXEMBOURG

One of Europe's smallest countries (population 543,202 – 2013 estimate), Luxembourg ranks 2nd in the world in GDP per capita (2015 estimate) with a GDP per capita of \$100,991 (2016 estimate).

Luxembourg provides a unique low-tax environment for international investors, despite pressure from the EU and OECD. The country is widely used in corporate structuring for cross border transactions, but due to its place in Europe's political environment it is constantly adapting its tax legislation to avoid adverse conflict with the tax authorities of other EU countries. With this in mind, it is vital you obtain the correct tax advice after your company is registered.

EuroCompanyFormations.com will navigate you through the choppy waters of Luxembourg's complex tax regulations, and register a company in Luxembourg for you in the quickest possible timeframe. Please contact us for further details today.

Is Luxembourg a low-tax jurisdiction for everyone?

No, not for everyone. In many ways it is a high-tax country – corporate income tax is 27.22%, individual tax rates are higher and there's a wealth tax on top. On the face of it, the corporate structure in Luxembourg is similar to that of most other EU states, with most companies adopting the usual joint stock or limited liability formats. However within this standard structure is a strictly-defined class of holding company. Qualify for this – and corporate income tax can sink to below 0.5%. For expert advice, we can put you in touch with our local expert in tax planning.

What does the standard corporate structure look like?

These are the main forms of standard-tax business entity for a Luxembourg company formation:

- joint stock company (SA), minimum share capital €30,000; requirements include at least one director, a registered office in Luxembourg, and audited accounts if the company exceeds a certain size
- limited liability company (SARL), minimum share capital €12,000, no more than 100 shareholders; requirements include at least one director, a registered office in Luxembourg, and audited accounts subject to size. SHARE CAPITAL CAN BE USED TO PAY INCORPORATION FEES
- general partnership, limited partnership, special limited partnership and branch of foreign company



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How can I set up a low-tax company in Luxembourg?

There is one main type of low-tax business entity – the Soparfi. In fact, it would be more accurate to define a Soparfi as tax-efficient rather than low-tax. This type of company is not a legal entity in its own right. Rather, it employs one of the above forms, such as an SA or a SARL, as their legal base. The rules governing low-tax holding companies are strict and it is essential that you comply with them at all times, otherwise your company will lose its low-tax status. We have specialist advisors who can help you with this, so please contact us.

What are the features of a Private Wealth Management Company (SPF) ?

- New fiscal regime designed for Private Investors and Individuals
- Annual subscription charge – 0.25%
- Exemption on shares/WHT for non-resident persons
- Exempt from corporate tax, municipal income tax, net worth tax

What are the features of a SOPARFI company?

- subject to normal corporate income tax, however dividends are generally exempt from tax
- eligible to benefit from double-taxation treaties
- some beneficial tax treatment of profits and dividends

What about Luxembourg's Intellectual Property (IP) tax regime?

- Luxembourg IP 5.72% tax rate relating to any income derived from IP
- tax rate applies to a wide variety of IP types including patents, trademarks, trade names and website domain names
- tax rate of 5.72% secured by signed agreement from the tax authorities
- subject to normal corporate income tax
- eligible to benefit from double-taxation treaties
- some beneficial tax treatment of profits and dividends

How easy is it to recruit staff in Luxembourg?

The unemployment rate in Luxembourg is low but businesses have little trouble recruiting staff as the labour pool is bolstered by workers commuting into Luxembourg from neighbouring countries. The workforce is well educated and is particularly attuned to the financial services sector. Contact us for help and advice on recruitment.

What is the regulatory environment like?

Luxembourg is regarded as slightly more bureaucratic than some other EU states. It complies with EU directives on labour, health and safety etc, and indeed on most taxation issues, apart from the



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particular circumstances of low-tax holding companies. Domestic and foreign investors alike have the right to establish business entities in Luxembourg.

Are there any financial incentives available?

In addition to being a tax haven, which is a considerable incentive by itself, Luxembourg has a number of schemes designed to promote investment. It has established a framework for investment incentives to counter the country's historic reliance on the steel sector, and grants are available to encourage investment in other manufacturing and high-tech industries. The government also provides equity funding for certain kinds of investment, particularly in development areas.

What about banking facilities in Luxembourg?

Banking is the largest sector in the Luxembourg economy. The country has specialised in the cross-border fund administration business. As Luxembourg's domestic market is relatively small, the country's financial centre is predominantly international. You will need to open a bank account in Luxembourg and Smith & Smith Global Advisory Div. Euro Company Formation can advise you on this, as well as the incorporation of your company in Luxembourg.

Info Luxembourg

Company foundation with legal, tax and financial experts

Other services and offers:

- Opening company bank accounts and private bank accounts
- Establishment of an office and addresses structure
- Mediation of licenses
- Nominee service
- Accounting
- Marketing

We have already established companies (shelf companies) in stock.