

## Input VAT newsletter

### Status of Special Limited Partnership (SCSp) and its General Partner (GP)

**15 February 2017**

On 8 February 2017, the Luxembourg Private Equity Association has released important communication regarding the VAT status of the Special Limited Partnership (SCSp) and its General Partner (GP).

The Luxembourg VAT Authorities have confirmed that, although an SCSp has no distinct legal personality from its GP, the VAT status of both the partnership and its GP need to be analyzed separately based on the transactions they both performed.

As a consequence, an SCSp, if it meets the relevant conditions, shall be considered as a taxable person on its own, distinctively from its GP and irrespective of whether the latter, based on its own transactions, is to be considered a taxable person or not. The SCSp may thus be obliged to register separately from its GP and to file in its own VAT returns. It could also be possible that both the SCSp and the GP have their own VAT registration number and both file VAT returns.

This recognition of the SCSp as a taxable person on its own offers different advantages: for example, it allows for better identification and allocation of the services received by the SCSp and the GP and therefore to apply the correct treatment. It also allows the SCSp to exercise its input VAT deduction correctly.

An SCSp is often used as investment vehicle, notably in a Private Equity structure. In this respect, it should be remembered that article 44.1.d of the Luxembourg VAT law exempts the management services of investment funds from VAT, including "alternative investment funds" as defined by article 1er, point (39) of the law of 12 July 2013 relating to special investment funds." This exemption is broadly applied in Luxembourg and covers most of the administrative services rendered to eligible vehicles as well as portfolio management services and risk management services.

We trust this is helpful and remain at your disposal for any further questions you may have.

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