Withholding taxes

Type of income	Rate
Dividends	15% of gross dividends unless an exemption or a reduced rate (by application of a double tax treaty) is applicable
Interest	0% (except for profit-sharing bonds and debt instruments with remuneration linked to the issuer's profits)
Royalties	0% (with some exceptions)
Liquidation proceed	0%
Director's fees	20% of gross fees paid to resident or non-resident directors

Special tax regimes

- Flag shipping register
- Pension funds (ASSEP/SEPCAV/PPV)
- Securitisation
- SICAR (investment company in risk capital)
- Specialised investment fund
- SPF (private wealth management company)
- Undertakings for collective Investments

Administrative requirements

Tax returns

- CIT, MBT and NWT returns – submission by May 31st of the following fiscal year. Electronic filing is possible
- Self-assessment for capital companies (a 5 years statute of limitation)

Tax payments

Advances payable quarterly:

- CIT: 10 March, 10 June, 10 September, and 10 December
- MBT and NWT: 10 February, 10 May, 10 August, and 10 November

Taxes assessed are payable within one month of notification by the tax authorities.

Deferment of Tax payment

Delay	Interest
≤ 4 months	None
5 to 12 months	0.1% per month
13 months to 3 years	0.2% per month
> 3 years	0.6% per month

Penalties

- Failure to pay or late payment: interest charge of 0.6% per month
- Failure to submit tax return or late submission: 10% of tax due and a fine up to a maximum of €1,239.47

VAT

Tax rates applicable

Rate	Goods and services
17%	Standard rate
14%	Management and safekeeping of securities, publicity and marketing printed matter, etc.
8%	Gas, electricity, etc.
3%	Radio and television broadcasting services, hotels, food products, books, newspapers, etc.

Return periods

- Monthly returns and annual recapitultive return if annual turnover exceeds €620,000
- Quarterly returns and annual recapitultive return if annual turnover is between €112,000 and €620,000
- Single annual return if annual turnover is less than €112,000
- Annual simplified return for companies with a nil input VAT deduction right

Submission of returns and VAT payments

Type of return	Legal deadline
Monthly return	Before 15th of following month
Quarterly return	Before 15th of month following quarter-end
Single annual return (including simplified regime)	Before March 1st following year end
Recapitulative annual return	Before May 1st following year end

Electronic filing is possible

Penalties:

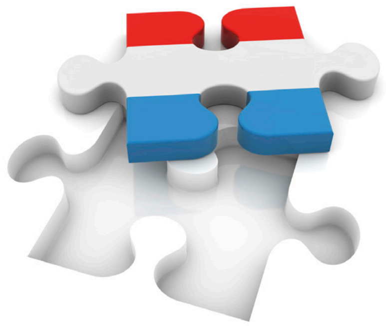
- Failure to file a VAT return: lump sum penalty between €50 and €5,000
- Failure to pay or late payment 10% of tax due per year

Deloitte Luxembourg
560, rue de Neudorf
L-2220 Luxembourg
Grand Duchy of Luxembourg

Tel: +352 451 451
Fax: +352 451 452 401
www.deloitte.lu

Deloitte.

Corporate Pocket Tax Guide 2016 Luxembourg



February 2016

Corporate Income Tax (CIT)

Taxable base

CIT is calculated based on the profit according to the commercial balance sheet. Certain types of income are exempt and certain charges are non-deductible.

Exempt income

- Parent-subsidiary exemption
  Dividends or capital gains received by a Luxembourg entity from a shareholding will be fully exempt from Luxembourg corporate income tax and municipal business tax if:
  - The entity deriving such income holds or commits itself to hold directly or indirectly this shareholding for an uninterrupted period of at least 12 months
  - The shareholding threshold does not fall below either a 10% participation or a €1,2 million acquisition price (€6 million for capital gains) throughout the period
  - Qualifying recipient and distributing/disposed entities are listed in article 166 of the Income Tax Law (ITL) and within the Grand Ducal Decree dated 21 December 2001
- Exemption from withholding tax
  Dividends distributed by a Luxembourg entity will be exempt from Luxembourg withholding tax if:
  - The entity receiving such income holds or commits to hold directly or indirectly its shareholding in the Luxembourg entity for an uninterrupted period of at least 12 months
  - The shareholding threshold does not fall below either a 10% participation or a €1,2 million acquisition price throughout that period
  - Qualifying recipient and distributing entities are listed in article 147 ITL, including fully taxable parent companies resident in a country having a tax treaty with Luxembourg and subject to a tax similar to the Luxembourg CIT
- Exempt incomes due to double tax treaty provisions
  Luxembourg treaty network usually provides for exemption of dividends, foreign branch and real estate income, etc.
- Exemption of dividends
  An exemption of 50% is granted on the dividend income received from a resident fully taxable capital company, a company falling within the scope of the Parent Subsidiary Directive or a capital company resident of a state, with which the Grand Duchy has a double tax treaty and which is subject to a tax corresponding to the Luxembourg CIT
- Exemption of intellectual property income
  80% of income resulting from the exploitation of intellectual property rights acquired or established after 31 December, 2007 and 80% of the capital gains arising from such assets are exempt
- The repeal of Luxembourg's IP regime is applicable as from 1 July 2016 (from 1 January 2017 for net worth tax purposes). Taxpayers benefiting from the current Luxembourg IP regime that create, acquire or definitively improve qualifying IP rights before 1 July 2016 would be able to continue to benefit from the current regime until 30 June 2021. New entrants also could be admitted to the existing regime until 30 June 2016 subject to certain safeguard conditions.

Deductions

Companies may only deduct expenses exclusively caused by enterprise to the extent that they are not connected with exempt income.

Other deductions

- Gifts and donations
- Losses carried forward indefinitely (but not carried back) without any amount restriction, etc.

Non-deductible expenses

- Directors' fees
- Non-deductible taxes (CIT, MBT, NWT), etc.
- Expenses in connection with exempt income
- Fines

Tax rate applicable

Taxable income (€)	Rates (increased by a 7% unemployment fund contribution)
≤ 15,000.00	20% (21.4%)
> 15,000.00	21% (22.47%)

Tax reliefs

- Credit for audiovisual or venture capital investments
- Credit for hiring unemployed individuals
- Credit for investment in continued professional education
- Incentives for research and development
- Investment tax credit
- Foreign withholding taxes, etc.

Municipal Business Tax (MBT)

Taxable base

MBT taxable income is calculated broadly on the same basis as CIT. The base rate is 3% of the adjusted taxable income. There is an allowance which amounts to €17,500 for entities liable to CIT and €40,000 for other businesses.

Tax rate applicable

The MBT rate changes according to the municipality in which the undertaking is located. The rate for Luxembourg city is 225% giving an overall MBT rate of 6.75% (3% X 225%).

Effective income tax rate

29.22% including CIT, MBT (for Luxembourg city) and contribution to the unemployment fund.

Tax consolidation

Luxembourg resident companies can form a fiscal unity where a company and one or more of its subsidiaries (95% ownership is required), or sister companies with a common parent are integrated financially. The parent company (for vertical fiscal unity) or chosen sister company (for horizontal fiscal unity) is responsible for paying the consolidated tax liability (CIT and MBT). Luxembourg branches of non-resident companies may head a Luxembourg fiscal unity.

Registration tax

A one-time registration tax of €75 applies for company incorporation, amendments to the bylaws and transfer of the seat of a foreign company to Luxembourg.

Net Worth Tax (NWT)

Taxable base

The unitary value of the company is determined mainly by reference to the net worth of the enterprise. This is based on fair market value of the assets and liabilities adjusted for certain exemptions (e.g. shareholdings qualifying for the participation exemption regime, certain intellectual property assets) and certain special valuations fixed by law (e.g. for buildings).

Tax rate applicable

The NWT rate depends on a company's total net assets:
- Rate of 0.5% on total net assets up to €500 million (unchanged from the current rule); and
- Rate of 0.05% on total net assets over €500 million

Tax reduction

Reduction of NWT is possible under conditions (creation of a reserve booked in the commercial accounts; to be maintained for at least 5 years...). The tax reduction amounts to a fifth of the reserve and can not exceed the amount of CIT liability before imputation of tax credits.

Minimum NWT

The minimum NWT tax will be due where the amount of NWT (by application of rates on the total net assets) leads to an amount of NWT lower than the minimum NWT. The minimum NWT can be reduced by CIT due the previous year.
This tax applies as follows:
- Collectives entities (irrespective whether they are regulated or not) that have (I) qualifying holding and financing assets, exceeding 90% of their balance sheet will be subject to a minimum NWT of €535 (for a total balance sheet less than or equal to € 350,000) or € 3,210 (for a total balance sheet exceeding €350,000)
- Other companies are subject to a progressive minimum income tax depending on the total assets on their balance sheet. Such tax will range from €535 (for a total balance sheet up to €350,000) to €32,100 (for total balance sheet exceeding €20 million)

There are dedicated rules for the minimum NWT where concerned companies are in a tax consolidation regime for CIT and MBT.

Tax treaty network

Luxembourg has broad tax treaty network including all major industrialized countries, all key financial centers and almost all of the important developing countries. The Grand Duchy has more than 70 treaties in force.