

SOPARFI Holding and financing company scheme



Scope

- Most common vehicle dedicated to holding and financing activities. Other activities may also be carried out provided it is foreseen in the bylaws and the business license is obtained if required

Eligible investors

- Any undertaking or private person

Authorisation – Supervision

- Not subject to any supervisory authority
- No authorisation unless quoted and/or commercial activities are carried out

Legal framework

- Choice of undertaking according to the investor's needs (e.g. control over the management, joint venture, transferability of the shares, etc.)
- Public limited company (S.A.)
- Private limited liability company (S.à R.L.)
- Partnership limited by shares (S.C.A.)

- Cooperative in the form of a public limited company
- European company (SE)
- Registration seat or central administration located in Luxembourg
- Minimum capital varies depending on the legal form (e.g. S.A./S.C.A.: €31,000; S.à R.L.: €12,500)
- Possibility to represent the capital in non-euro currency
- Contribution in cash or in kind. Fully subscribed and paid-up to a minimum of 25% for S.A. (100% for S.à R.L.)
- Possibility to use various classes of shares
- Possibility to be listed

Investment policy

- Unrestricted
- No formal debt equity/ratio (85:15 required in practice for exempt shareholding activities)

Reporting

- Bylaws to be published in the Luxembourg official journal within one month of the beginning of activities
- Audited annual report and consolidation may be required if the company exceeds a certain size in terms of turnover, total assets and number of employees
- Financial statements may be prepared under Lux GAAP or IFRS (prior agreement required) and filed in either the English, French or German language
- Corporate tax returns to be filed by 31 May of the following fiscal year
- VAT returns and withholding tax returns (if applicable) to be filed depending on the circumstances

Taxation

- Effective income tax rate of 29.22% including corporate income tax, municipal business tax (for Luxembourg City) and unemployment fund surcharge. However, shareholding activities are generally tax exempt (e.g. dividends and capital gains from qualifying shareholdings). IP activities benefit from an 80% exemption on both royalty income and capital gains arising from qualifying assets
- Minimum flat income tax of € 3,210 including the unemployment fund surcharge provided that the entity holds in its balance sheet more than 90% of financial and holding assets. The amount paid will be creditable against future corporate income tax without limit
- Net worth tax of 0.5% on the adjusted net asset value of a company with exemptions available for substantial shareholdings, foreign wealth, intellectual property assets, etc.
- No capital duty applies on incorporation (except a fixed registration duty of €75)
- A 15% withholding tax on dividend distributions applies unless an exemption or reduction will be available under EU directive or double tax treaties
- No withholding tax on:
 - Liquidation proceeds (including partial liquidation)
 - Interest payments (unless EU Savings Directive applies)
 - Royalties
- Losses may be carried forward indefinitely
- Fiscal consolidation regime available
- Benefit from the tax treaty network and all European directives

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

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