

Luxembourg Tax Alert

LTA issues a new Mutual Agreement Procedure circular

17 March 2021

On 11 March 2021, the Luxembourg tax administration (LTA) issued a new circular regarding the implementation terms of the Mutual Agreement Procedure (MAP) under the bilateral tax treaties concluded by Luxembourg, and in line with article 25 of the OECD Model Tax Convention (or analogous tax convention stipulations). The new circular replaces with immediate effect the previous circular n°60 of 28 August 2017 on the same topic.

The new circular does not introduce extensive changes. Instead, it aims to clarify how taxpayers can make a MAP initiation request, what steps are involved, and what are the associated costs. It also provides additional details on how to access a MAP in specific situations and takes the Multilateral Instrument (MLI) into account, which was not in force when the previous circular was issued.

The new circular also provides guidance on how to articulate a MAP with other procedures and appeals, including, inter alia, those initiated in light of the European Arbitration Convention and those with ongoing administrative/judicial claims. Both may be started and take place simultaneously with a MAP under a double tax treaty.

However, any MAP initiated under article 3 of the Law of 20 December 2019—which transposes EU Directive 2017/1852 of 10 October 2017 on tax dispute resolution mechanisms into domestic law—terminates any other ongoing and parallel amicable procedure.

Aspects regarding the documentation and information needed to initiate a MAP and the associated deadlines remain substantially unchanged.

We hope this newsletter is of help to you. Please feel free to reach out should you need any further information.

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