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Luxembourg
Tax Department

The Tax department is a dedicated team of highly skilled tax professionals providing comprehensive consultancy and compliance services.

Our solid knowledge of local and international regulations, combined with our wide experience, allow us to serve our clients in a tailored, responsive and value-added manner.

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# Luxembourg Tax Alert

13 November 2014

## Entry into force of the fourth amendment to the Luxembourg-France Tax Treaty in 2016

Further to our tax letter dated 9 September 2014 (**here**) on the signature of the fourth amendment to the Luxembourg-France Convention for the avoidance of double taxation and the establishment of rules of reciprocal administrative assistance with respect to taxes on income and fortune (the "Tax Treaty") **introducing a capital gain provision for real estate companies**, Luxembourg's Minister of Finance (Mr Pierre Gramegna) confirmed that the bill approving the present covenant will be submitted to Luxembourg Parliament beginning of calendar year 2015.

Therefore, **the so-called "land-rich provision"** allowing France to tax capital gains realised by a Luxembourg resident (any individual, body corporate or unincorporated body of individuals) upon the alienation of stocks, shares or other similar rights in a "French land-rich company" (being any entity, either tax resident in France or not, whose asset or goods are composed for / or derive more than 50 per cent of their value directly or indirectly from immovable property situated in France) **should be applicable as from 1st January 2016** only.

This timeframe is an opportunity for taxpayers to review whether they will fall within the scope of this new land rich provision or not and to take appropriate actions in this respect.

Should you have any questions or wish to discuss the implications of the new covenant on your business, please do not hesitate to contact us.

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