Luxembourg – The gateway to Europe
Establishing your business and living in Luxembourg
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Foreword

Luxembourg is home to over half a million people from all over the world. Bordered by France, Germany, and Belgium, the Grand Duchy is a founding member of the European Union and a member of all major international organizations. Over the years, the migration flows of highly skilled workers have turned Luxembourg into an open-minded and cosmopolitan center of excellence, positioned right at the heart of Europe.

Just over a century ago, the Grand Duchy of Luxembourg metamorphosed from a peaceful rural backwater into a unique gateway providing access to the European market and its 500 million potential consumers. It has become the world-renowned financial business center we know today, where many companies actively set up their headquarters. Luxembourg has transitioned from agriculture through industry to banking services and the Information and Communication Technologies (ICT) sector.

In terms of financial services, Luxembourg’s economy has expanded, bringing with it a host of new challenges. The country has also had to adapt in terms of strategy in order to seize new opportunities. It responded to market forces with new regulations and improvements at government level, as the country adopted forward-thinking, pro-business policies. The Luxembourg government is constantly striving to be more competitive and to guarantee a streamlined administrative environment. Through its favorable geographical positioning and determined efforts on a private and public level, Luxembourg has continuously improved its positioning over the last decade and matured into an intercontinental springboard at the heart of Europe.

Luxembourg is not only a major international financial center, but should also be considered a ‘smart nation’, modern, highly connected, and home to the most important businesses in ICT. Over the past ten years, Luxembourg’s digital economy has experienced unprecedented growth. With the launch of the ‘Digital Lëtzebuerg’ initiative and the creation of the Luxembourg ICT cluster in 2014, the government laid the groundwork for the creation of an environment fostering the long-term development and cooperation of companies active in the ICT sector.
In 2015, the government went a step further and launched the biggest collaborative and transformative initiative to date, involving the public sector, the entire business community, as well as the Luxembourgish citizens. Inspired by the economic theorist Jeremy Rifkin, Luxembourg committed itself to the implementation of a roadmap that will transform the country into the first nation running a smart, green, and sustainable economy.

In this brochure, we offer an overview of Luxembourg, encompassing a short but detailed description of the current situation, its advantages as a business center, its outstanding location and the high quality of life famously enjoyed by its residents. All of these elements make this small country an exemplary location in which to live and do business.

Luxembourg is indeed a rare package of promising business opportunities and a comfortable family environment that offers a stable and secure environment to meet the needs of its residents. We hope this brochure will give you an overall insight into the exciting lifestyle and business opportunities offered by Luxembourg, whilst answering the majority of your questions.

Should you have any remaining questions, please feel free to contact us or one of my colleagues. We would be delighted to discuss with you and guide you on your way to Luxembourg.

John Psaila
Managing Partner

Georges Kioes
Partner
Non Financial Services Leader

Luxembourg is not only a major international financial center, but should also be considered a ‘smart nation’, modern, highly connected, and home to the most important businesses in ICT.
Luxembourg at a glance

Luxembourg offers a high standard of living and enjoys a leading position in respective international rankings. The country is ranked first for personal safety in Mercer’s Quality of Life survey and, according to the OECD’s Better Life Index, Luxembourg is featured among the world’s best places to live.

The reasons for this are multiple, ranging from its central location in the heart of Europe, a stable political and business-friendly environment to an excellent public infrastructure above the European average and an attractive mix of bustling city life and a wonderful countryside. Luxembourg is living in exciting times and attracts more and more companies as well as interesting people from around the world that want to be part of it.
Economic health

The Grand Duchy of Luxembourg is characterized by a diversified economy and a high concentration of expertise. The economic health of the Luxembourg state is based on a strong dialogue between the different players in the country’s economy. Over the years, the country’s main income has come from the financial sector, a sector that continues to remain steadfast in both strength and credibility. Luxembourg holds a privileged position in Europe and around the world. In March 2017, Luxembourg’s AAA rating was confirmed, with the economy considered as having a stable outlook. Moreover, low levels of public debt (27.7 percent of GDP in 2016) and a strictly delimited budget deficit are testament to Luxembourg’s financial health. In addition, the unemployment rate of the country is one of the lowest in Europe.

Political stability

Luxembourg is a constitutional monarchy and a parliamentary democracy with the Grand Duke Henri as the head of state and a Prime Minister as the head of the government. The Chamber of Deputies is the unicameral national legislature of Luxembourg, made up of 60 members. The term of representation for both the government and the Chamber of Deputies is five years.

Luxembourg city’s communal representation rotates in six-year terms. The country has a history of political stability over the last 70 years for three major reasons. On the one hand, the coalition model that has operated since the Second World War has reinforced political confidence among the country’s residents. Secondly, Luxembourg enjoys a strong dialogue between the government, unions, and the private sector. And thirdly, a long-term relationship between the government and private economic leaders has created confidence, in the context of a reciprocal model for listening and offering advice.

Luxembourg GDP

Luxembourg’s real GDP per capita is at €92,900 which makes it the highest worldwide, ranking three times above European average.

Historically, it has generated GDP from agricultural, financial and industrial activities, and different kinds of services. The services industries play a major role in fuelling Luxembourg’s GDP, accounting for a total of 87.44 percent of the overall GDP of €54.2 billion. Services are followed by 12.45 percent for industry and 0.24 percent for agriculture. Luxembourg’s major export partners are Germany (26.9 percent), France (14.8 percent), Belgium (11.7 percent), Netherlands (5.67 percent), and Italy (3.89 percent).
Vibrant, diverse and innovative

- Luxembourg is the first nation to embark on a full transformation towards a green, smart, and sustainable economy

- A vibrant startup scene that is strongly supported by both public and private initiatives

- International financial expertise with 141 banks, 100 new funds per year, and 150 Fintech companies

- 40 percent of all European Tier IV data centers and 100 percent broadband coverage

- A strong focus and public funding on research and development

- Luxembourg residents speak an average of 3.6 languages and the country ranks third for talent competitiveness

- 11 industry clusters supporting a diverse economy
Open and interconnected within the heart of Europe

- Founding member of the EU, UN, NATO, OECD, and Benelux
- Headquarters of 12 European institutions
- A European logistics hub
- A multilingual and multi-skilled workforce
- 80 percent of Luxembourg goods and services are exported

Reliable, safe and future proof

- Easy access to decision makers
- Political stability
- Minimal and pragmatic bureaucracy
- A stable, efficient and business-oriented regulatory and legal framework
- An adept and helpful administration (ranked number one in Europe)
- An easy and supportive tax environment
- A high-quality infrastructure
Living in Luxembourg

Luxembourg continues to attract people and businesses from all over the globe with no foreseeable end to this pattern. The country boasts a unique mix of a friendly and open-minded population, a vibrant and highly skilled expat community, and an impressive 177,000 people commuting from neighboring countries every day, all who breathe extra creativity, innovation, diversity, and tradition into daily life in Luxembourg, making this an ideal place for both the young and old.
Arts and culture

Luxembourg offers a world-class cultural scene. Among its well-kept museums, the Grand Duchy houses the National Museum of History and Art, the Luxembourg City History Museum, the National Museum of Natural History, the Municipal Art Gallery, and the Museum of Modern Art. In terms of musical and visual entertainment, first-class theatres, concert halls, and cinemas constantly attract international artists.

Throughout the year, culture enthusiasts can enjoy the broad cultural program offered by Luxembourg’s leading venues—including the Luxembourg Philharmonic Hall, Neumünster Abbey, the National Theatre, as well as local cinemas and a Music & Resources Centre (Rockhal). The Luxembourg film industry has become an important part of the national culture. The Luxembourg Film Fund is responsible for actively supporting the country’s film industry and provides subsidies not only for film production, but also for workshops and movie promotion.

Luxembourg provides numerous cultural activities to suit all generations and tastes; the state and local authorities aim to keep up with international standards.

Multicultural environment

One of Luxembourg's distinctive characteristics is its multicultural environment. People from all over the world live side by side in this tiny country and contribute to its linguistic and cultural diversity. Among its multifaceted human landscape, Luxembourg is home to large communities from nations such as Portugal, Italy, France, Germany, and Belgium. Hosting such a variety of nationalities has made Luxembourg a very open-minded European country. As of January 2018, 47.7 percent of Luxembourg’s population are foreign nationals from more than 170 countries, all with different ethnicities and religions well integrated into daily interactions and providing yet another layer of diversity among citizens.

47.7 percent of Luxembourg’s population are foreign nationals
Sports and leisure

Europe has many green capitals but, in terms of proximity, few can compete with Luxembourg's lush rural countryside. Parks and forests surround the town center, and a variety of landscapes can be reached within a radius of 10 kilometers. This green environment offers abundant opportunities for sports and outdoor activities.

The numerous forests and rivers are the perfect setting for activities like mountain biking, hiking, climbing, and golfing. These outdoor sports can be practiced from a beginner to an experienced level. For team sports, the Grand Duchy also offers numerous traditional sports clubs, regular league games, and sporting fixtures.

There is something for everyone, young or old, looking for a physical challenge or entertainment. Luxembourg has more than 600 kilometers of bike routes and a large number of hiking trails. There is an extensive sporting infrastructure encompassing well-kept golf courses, swimming pools, tennis courts, and ice rinks. The more courageous can even try skydiving or hot air ballooning.

For quieter moments, luxurious wellness areas and spas are easily accessible in various parts of the country. The thermal baths in Mondorf-les-Bains and wellness centers throughout the country offer a wide range of well-being and relaxation services.
Noteworthy social coverage

Luxembourg’s policies and social security systems have specific objectives. Collectively, they are designed to provide sufficient protection for every person against particular circumstances.

Every working professional in Luxembourg must be a member of one of the social security funds, depending on their occupation. The Centre commun de la sécurité sociale (CCSS) is responsible for monitoring the whole system. The Luxembourg social security scheme includes a range of coverage, particularly against core illness, maternity, workplace accidents, occupational diseases, old age, disability, family benefits, unemployment, dependent person benefits, early retirement, and a guaranteed minimum wage.

Every child residing and raised in Luxembourg is entitled to child benefits. To qualify for child allowance, children must be under 18 years of age or be in full-time education up to the age of 25. If a child is or becomes disabled before the age of 18, there are no limits to child allowance.

Fine Dining

Next to the more practical aspects contributing to the high quality of life in Luxembourg, some key elements add a little extra to the country’s social life. With an enormous diversity in terms of food and drinks, gastronomes will not be disappointed as the Grand Duchy offers one of the highest densities of Michelin starred restaurants per capita in the world.

The social security system is funded by the contributions of insured people, employers and public entities. Contributions are paid to the social security center.

- **Luxembourg illness fund—illness benefit**
  The Luxembourg illness fund grants illness benefits equal to 100 percent of the insured worker’s daily covered earnings

- **National pension fund—retirement benefit**
  In Luxembourg, all economically active people receive a retirement pension. The current legal retirement age is 65

The numerous forests and rivers are the perfect setting for activities like mountain biking, hiking and climbing.
Safe country

Luxembourg is a safe and quiet European country with exceptional law enforcement and security services. The police maintain a low profile but are ready to respond quickly if necessary. The crime rate in Luxembourg is very low and there is little likelihood of any serious danger for a responsible citizen. Luxembourg is a peaceful, democratic nation composed of three regions and 106 municipalities. It has not seen any riots or larger demonstrations over the last few decades.

High-quality education system

The Luxembourg public education system places high importance on proficiency in foreign languages. Every student who graduates from a Luxembourg high school speaks at least four languages, having started with German and French in primary school and moved on to English in secondary school. Luxembourgish is the national mother tongue and tends to be spoken rather than written. There are also private and international schools in Luxembourg. The latter include the International School of Luxembourg (formerly the American school) and St George's International School Luxembourg with English as the main teaching language as well as the French Ecole Francaise de Luxembourg and the European School that teach in almost every European language. Next to its high-quality primary and secondary system where courses are taught in French, German or English, Luxembourg also has a university system with an excellent reputation, welcoming almost 6,200 students from 113 different countries and international academic staff from around 20 different countries.

Founded in 2003, the University of Luxembourg may be a young institution but in line with Luxembourg’s distinguishing attributes, it is an international and multilingual institution. Divided into three faculties, the academic ensemble offers 12 bachelor degrees, 42 master’s degrees and hosts 4 doctoral schools. Many of its most renowned lecturers are professionals from the private sector, a result of strong partnerships between the university and key players in the financial and non-financial industries. Several chairs at the different faculties are sponsored by private institutions.

The research priorities of the University of Luxembourg cover computational sciences, law, finance and educational sciences. Furthermore, the university hosts three additional interdisciplinary research centers namely, the Centre for Security, Reliability and Trust (SnT) as well as the Luxembourg Centre for Systems Biomedicine (LCSB) and the Luxembourg Centre for Contemporary and Digital History (C2DH).

Alongside its national university, Luxembourg plays host to an array of international higher education institutions. For instance both Connecticut’s Sacred Heart University and Miami University have campuses in Luxembourg and offer several programs in business, fine arts, humanities, languages and social studies.
Individual Tax environment

The Grand Duchy maintains a competitive level of taxation for employment and individuals' capital income in comparison to its European neighbors.

Despite an increase of the marginal tax rate (up to 45.78 percent for income above €200,000) since 2017, due to other beneficial tax measures, the effective tax rate is decreasing for the majority of the individuals resulting in an overall lower tax burden. These measures demonstrate that Luxembourg remains an attractive destination for international business while reinforcing the purchasing power of individuals.

A favorable expat tax regime was introduced to increase the attractiveness of Luxembourg’s economy. It is designed to attract skilled foreign workers to live and work in Luxembourg by assuring significant tax savings for both expats and employers.

Provided that the relevant conditions are met, certain expenses that would typically be borne by the employer in the event of an expatriation (e.g., relocation costs, tuition fees, rent/utilities, home leave trips, differential cost of living) may be subject to a total or partial tax exemption.

In addition, non-cash benefits (company car, pension plans, interest subsidies, etc.) can be used to design a tax efficient remuneration package for employees.

Equity incentives can be an effective tool for rewarding promising talent in your company and, under certain circumstances, lead to a tax efficient compensation package for executives.

For details on the direct and indirect tax regimes in Luxembourg, please consult Deloitte Luxembourg’s tax brochures online at www.deloitte.lu.
Business in Luxembourg

The Luxembourg business environment experiences consistent growth above the European average and is home to some of the biggest market names in global financial services.

This ongoing success of Luxembourg’s business sector is owing to a number of key reasons. Over the years, successive governments have worked towards creating a favorable business environment, setting up an efficient legal framework, flexible policies, a beneficial tax regime, and easy access to public authorities and administrations. Alongside this, the Grand Duchy provides a secure and reliable environment featuring a strong long-term growth prospect, low inflation and the highest efficiency rate in the world (GDP generated per hour worked).

Given the size of the Luxembourg market and its convenient position in the middle of Europe with 60 percent of the EU’s GDP within reach by a one-hour flight, the country has an infrastructure in place that is perfectly adapted to international trade. The country ranks third as the most globalized economy in the world and, thanks to its size and its diversified and multilingual population is often considered a perfect test market for new products and services.
Innovative initiatives in Luxembourg’s business community

Successive Luxembourgish governments have always come up with new and interesting initiatives to push for ongoing diversification of the economic landscape, introduce and maintain dynamism in the labor market and foster innovation.

A cluster initiative launched in 2002 stimulated the diversification of the Luxembourg business community by supporting collaboration within different sectors and reinforcing the link between business and research.

Economic activity in the ICT sector has been strongly supported by the initiative of Digital Lëtzebuerg, and Luxembourgish governments have made it their priority to ensure that the country has one of the best digital infrastructures in the world current rankings. Today, Luxembourg hosts 40 percent of all European Tier IV data centers and has a leading role in a pan-European project on HPC and Big Data enabled applications.

Many public and private initiatives foster the development of an innovative startup environment, making sure young entrepreneurs are able to network, seek financial support as well as training and coaching from a range of different facilities.

As a response to aggravating challenges ranging from global warming to scarcity of resources and growing waste problems, Luxembourg’s latest and most ambitious project affects the entire country and leads its citizens and business community into the Third Industrial Revolution. The all-encompassing and profound transformation based on the economic theory of Jeremy Rifkin gives Luxembourg a pioneering role as the first nation-state to set the legal framework for the implementation of the Third industrial Revolution and integrates the concepts of “smart”, “circular” and “sharing” into all aspects of economy and society.
A diverse business environment

Even though Luxembourg is renowned for its vital and vibrant financial sector, there are a range of other sectors that are now central pillars of the Grand Duchy’s economy such as ICT, life sciences, cleantech, space mining, logistics, and many more. Additionally, thanks to concerted efforts taken by the government in recent years, Luxembourg boasts a vibrant startup scene and embraces the development of an ever-increasing FinTech community.

Finance and FinTech

Private banking, insurance, and fund administration constitute the backbone of the financial services industry. Luxembourg’s investment fund sector has been immensely successful over the years, ranking second largest on a global scale. The Grand Duchy’s private banking industry is the biggest in the Eurozone. The sector is reinforced by a thriving insurance industry, with life insurance and reinsurance companies proving particularly successful. The shift towards a more sustainable finance approach is well underway. In 2016, the Luxembourg Stock Exchange launched the Luxembourg Green Exchange, responding to an increasing demand for securities that are green, social, and sustainable. The development of microfinance as well as an updated regulatory and legal framework is aimed at fostering bottom-up innovative and sustainable projects.

FinTech is an emerging economic industry composed of companies that use new technology in financial services to drive innovation and disruptive business models. The FinTech industry has experienced rapid evolution and growth over the last few years. On one hand, it is improving customer experience on a daily basis by providing quicker and easier access to financial services; on the other hand, it also contributes to the optimization of processes in the financial services industry, and compliance with regulatory directives.

To date, many players in Luxembourg have shown a keen interest in FinTech. Though the FinTech industry is mainly driven by startups, it is important to note that the FinTech industry now also counts established players from the financial sector in the Grand Duchy, who are developing innovative solutions. As they seek to offer ground-breaking solutions, areas such as Big Data, digital distribution, digital security and blockchain are elements of the FinTech ecosystem that rely not only on the strategic choices of the players involved, but also on those of the government. Through a dedicated working group, the government is fully engaged in the development of FinTech in Luxembourg, which has emerged as one of its key priorities, encompassed in the “Digital Lëtzebuerg” as well as the TIR strategy, aiming to consolidate and strengthen Luxembourg’s position throughout the ICT industry.

In spring 2017, the Luxembourg House of Financial Technology (LHoFT) was launched as a public/private sector initiative that aims at connecting the domestic and international FinTech community and to further drive technology innovation for Luxembourg’s financial services industry.

The Grand Duchy’s private banking industry is the biggest in the Eurozone.
Startups

The startup ecosystem in Luxembourg is dynamic, international, and growing exponentially. Over the past years, the Grand Duchy has been chosen by numerous companies looking to develop innovative solutions, products and services because of its favorable environment in terms of infrastructure, central geographic location, internationality, and tax. The Luxembourg House of Financial Technology and the House of Startups are examples of the kind of initiatives launched jointly by public and private players to foster innovation and support startups. The country benefits from a wide array of resources helping startups to grow and flourish, such as incubators, accelerators, startup programs, and co-working spaces. With the support of startups being a key priority, the government has improved the legal framework to support development and innovation. In light of the Third Industrial Revolution, Luxembourg understands the importance of establishing a plan to financially support startups in the field of eco-innovation and to make sure that ideas and initiatives for greener business practices can flourish.
Connectivity, IT Infrastructure & Cyber Security

Luxembourg’s state-of-the-art connectivity infrastructure and numerous data centers are the result of significant public and private investments over the last few years. National and international high-speed connections are available from a wide range of established providers, making the local connectivity prices and cutting-edge infrastructure very competitive in Europe.

In the Grand Duchy, most of the data centers offer Tier II, III or IV service levels, with 40 percent of European certified Tier IV data centers located in Luxembourg. Accordingly, the European Commission and many major financial institutions have established their data centers in Luxembourg, while e-business and online gaming are thriving components of the firmly established technology, media, and telecommunications industries.

The cybersecurity ecosystem in Luxembourg encompassing internationally recognized public and private actors, is highly developed. With more than ten CERTs (Computer Emergency Response Teams), cybersecurity is a key attribute in Luxembourg to strengthen the important IT Infrastructure landscape, support the mitigation of IT security risks and regulatory requirements notably addressing the large financial sector, but also to contribute to the development of Digital Lëtzebuerg.
Logistics and Mobility

Luxembourg works continuously on its positioning as an intercontinental logistics hub in Europe and currently ranks second in the World Bank’s Logistics Performance Index. Its advantageous position in the middle of Europe, its excellent logistics infrastructure, a full range of experienced service providers as well as a supportive administrative framework are key facilitators in this success story.

Additionally, the country pursues a multi-product specialization strategy by focusing on products that require special handling and storage. The air cargo center has a dedicated temperature-controlled storage center for pharmaceutical products.

With rail and road connections to the North and the Baltic Sea as well as major southern European ports, the Bettembourg hub is offering efficient multimodal connections, for containers as well as cranable semi-trailers currently handling an annual volume of around 125,000 containers.

There is now a full range of initiatives in the logistics sector that leverage on the country’s advanced ICT infrastructure. Service delivery, process efficiency, end-to-end traceability and the entire logistics value chain will greatly profit from big data, advanced analytics and new technological developments in general.

Luxembourg is well aware of this potential and is currently in the process of creating an information exchange platform designed to strengthen synergies and collaborations between the different industry players. The development of autonomous and connected driving technologies is also high on the agenda.

Luxembourg’s state-of-the-art connectivity infrastructure and numerous data centers are the result of significant public and private investments over the last few years.
Industry

Luxembourg has an extensive industrial history. The steel industry has been entrenched in the country since the late 19th century and has dominated economic activity from its early years all the way through to the 1970s. Even though the country has increasingly focused on the tertiary sector, since then, the industrial production still accounts for some 10 percent of the country’s GDP. ArcelorMittal, the world’s largest steel and mining company is headquartered in Luxembourg. In addition, non-ferrous products such as glass, plastic, and cement are represented in the Grand Duchy with many companies having set-up big production plants as well as R&D centers within the country. Industrial diversification is a permanent objective and the country has successfully managed to establish a healthy mix of large and medium-sized industrial enterprises in a constantly changing environment.

Simultaneously the country seeks to improve the innovative capacities of industrial companies by fostering collaboration between the public and the private sector, several industries, and by aligning national research with the needs of the industry. The initiative D4I (Digital for Industry) is supporting Luxembourg enterprises in their readiness for Industry 4.0.

Ecotech and renewable energy

Ecotech and renewable energy are areas that have been promoted in Luxembourg for several years. Even more so, with the creation of the EcoInnovation Cluster whose main objective is to enhance the fields of energy, environment, and sustainable development in Luxembourg. The Cluster focuses on the topics of circular economy, mobility, sustainable cities and smart technologies. Making sure to be one of the early-adopters, Luxembourg is planning to participate in the “Smart Cities and Communities lighthouse projects” that is part of the European Horizon 2020 program. It foresees the development and implementation of the first experimental distribution grid clusters allowing for an exchange of data and energy among different prosumers.
Healthcare and life sciences

Luxembourg’s healthcare system is one of the most comprehensive systems in the world offering virtually unrestricted access for the Luxembourg population. It also ranks in the top five countries for per capita healthcare expenditure. The total spending on healthcare is almost 8 percent of the country’s GDP. Strong financial and political support over the years has enabled the Grand Duchy of Luxembourg to develop strong life sciences and research centers. Life sciences in Luxembourg represents an emerging and rapidly evolving market with significant investments being made, in order to drive innovation and promotion of, inter alia, diagnostic and therapeutic tools.

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In 2017, Luxembourg became the first European nation to offer a legal framework for the peaceful extraction of space resources.
Space

Luxembourg space activities are rooted in the foundation of SES (Société Européenne des Satellites) in 1985 and have grown ever since.

SES has become the leading satellite operator in Europe and the second-largest player worldwide while the country actively fostered the development of an entire space industry and now has around 30 active companies and two public research organizations established in the sector.

A member of the European Space Agency since 2005, Luxembourg is strongly involved in transnational initiatives, is part of a range of programs related to telecommunication, earth observation or navigation satellite systems and currently has 54 active satellites in orbit.

Cooperation and collaboration at national and international level is organized and fostered by the Luxembourg space cluster that unites strong and highly specialized companies and public research organizations to develop relevant technology topics and RDI projects. In recent years, activities in the space sector have sky rocketed. In February 2016, the Luxembourg government launched the initiative SpaceResources.lu in collaboration with local and international private companies. One of the early outcomes of the initiative was the development of a legal framework for the peaceful extraction of space resources and, consequently, Luxembourg became the first European nation to offer such a legal framework to private operators globally. Following the ratification of the law in August 2017, Luxembourg recently signed cooperation agreements to facilitate future space activities with the UAE, Japan, and China on exploration and commercial utilization of space resources. In the meantime, many private space operators have located their European or global headquarters in Luxembourg.
Regulations

The Luxembourg government is reactive and flexible when it comes to implementing new regulatory, responding swiftly to new EU regulations in the most pragmatic way possible. It always tries to be one-step ahead in order to stay attractive and ensure a competitive environment for companies.

The country has always cared about the privacy of its population, investors, and companies. This has fostered a mindset in Luxembourg that strives to offer the best service for clients and to be competitive in the global market.

As a member of the EU, Luxembourg adheres to the General Data Protection Regulation (GDPR) that entered into force in May 2018.
Tax

Luxembourg’s low public debt and budget deficit positions the government to maintain a competitive level of taxation for corporations. The regulatory and tax environment as well as the stable political climate are key elements considered by investors when defining a sustainable group tax policy.

Sustainability, justice, selectivity, and competitiveness were the hallmarks of Luxembourg’s tax reform approved in December 2016 and in effect since 1 January 2017 for most of the measures. One of the measures was a reduction of the corporate income tax rate from 21 percent to 19 percent in 2017 and to 18 percent in 2018.

In order to encourage local investments, accelerated depreciation and tax credits are available for certain investments in tangible assets.

Resident companies of the same group are allowed to pool their taxable profits and losses for income tax purposes under certain conditions. Losses incurred since 2017 can be carried forward over a period of 17 years.

A new IP regime, applicable as from fiscal year 2018, provides for an 80 percent exemption for companies on income derived from the commercialization of certain intellectual property rights, as well as a 100 percent exemption from net wealth tax.

For companies that act in a cross-border environment, the extensive network of double-tax treaties permits an efficient circulation of funds.

Furthermore, with 17 percent, Luxembourg currently has the lowest standard VAT rate in Europe and it has also reduced rates of 3.8 and 14 percent on a variety of goods and services.

From 31 July 2018, Luxembourg has introduced a VAT group regime with flexible rules allowing the absence of VAT and of pre-financing of VAT on transactions between the members of the group. Additionally, Luxembourg applies broadly the VAT exemption for financial services.

Public research centers

Luxembourg houses several public research institutes that ensure high-quality research in numerous fields of expertise. The number of researchers in Luxembourg’s public research centers tripled between 2007 and 2016.

• The Luxembourg Institute of Science and Technology (LIST) conducts interdisciplinary research across the entire innovation chain in three targeted research areas: materials, IT and environment.

• The Luxembourg Institute of Health (LIH) aims at translating knowledge in the field of biomedical research into clinical applications affecting health care while shaping personalized medicine.

• The Luxembourg Centre for Systems Biomedicine (LCSB) is accelerating biomedical research by closing the link between systems biology and medical research.

• The Luxembourg Institute of Socio-Economic Research (LISER) focuses its research on the field of social and economic policy.

• The Interdisciplinary Centre for Security, Reliability and Trust (SnT) conducts internationally competitive research in ICT and drives collaborative projects with industry and the public sector.
Deloitte in Luxembourg: A strong partnership

Public and private sectors work hand-in-hand to achieve specific goals. During this development process, companies regularly need support at different stages, whether for industry—or service—related matters. Deloitte can provide a wide range of services and solutions to address your challenges and problems in all these fields through its three service lines: Audit, Tax and Advisory & Consulting.
Deloitte in Luxembourg

With over 100 partners and more than 2,400 employees, Deloitte Luxembourg is one of the leading professional service firms in the market. For more than 65 years, we have delivered high-quality added-value services to both national and international clients. Our services cover audit, tax and consulting. Within Deloitte, we specialize in different industries, both in the financial and non-financial sector. To respond effectively and efficiently to the Grand Duchy's priority sectors, Deloitte is divided into ten industry segments, with highly qualified experts within our three service lines.

To meet our clients' needs, we have created specific and tailored service teams with professionals experienced in their sector of expertise. Many of our staff have previously occupied senior positions in the financial services industry (including banking, fund management and insurance), or in commercial, industrial and public sectors.

Throughout the years, while respecting the strictest independence rules in relation to our audit clients, we have developed an integrated business model bringing together a vast pool of competencies, allowing cross-service line exchange of advice and support to ensure all our clients receive the assistance they need and expect. Our partners are active and play a leading role not only in most of the major Luxembourg professional associations and professional Chambers, but also work very closely with government institutions.

Deloitte around the world

Deloitte Luxembourg is a member of the Deloitte Touche Tohmatsu Ltd (Deloitte.com) global network, an international audit, tax and consulting company. Deloitte currently has offices in 150 countries with over 264,000 employees and more than 7,000 partners. Deloitte serves more than a quarter of the world's largest companies as well as a significant percentage of Luxembourg's largest companies, public institutions and other key companies in the process of expansion. Deloitte is currently the world leader in professional services.
Corporate responsibility and sustainability

For Deloitte, the term sustainability is not only limited to the environmental dimension—it is also ensuring that we use our human capital and material resources wisely and without unnecessary depletion of our ecosystems. Through our corporate strategy, led by our Corporate Social Responsibility Committee, we strive to demonstrate a continuous improvement in our environmental and social performance and act as a responsible leader in the society in which we live. Our leadership is founded on our essential values: at Deloitte, we care. We care about our people, we care about our clients, we care about our planet, and we care about our society. As a company, we believe that corporate social responsibility is actually a joint responsibility, shared by each individual working for the firm.

The quality and relevance of our corporate social responsibility initiatives have received awards testifying to the highest standards.
How we can help

We offer customized assistance tailored to each stage during your relocation or international development project. Based on our fields of expertise and our solution-oriented cross-service line and cross-industry structure, Deloitte Luxembourg is ideally placed to accompany you from the beginning to the end of your route to Luxembourg.

More than 65 years of experience in the Luxembourg market allows us to help you prepare for the local environment, ranging from local politics and regulations to business opportunities and development prospects. Our own development has put us into contact with key personalities in the local market and public institutions.

We can provide the right strategic assistance to ensure a smooth transition from the planning phase through to the implementation of your business.

In addition, thanks to our long-standing international experience, we understand the market from which you are relocating. Drawing on the international experience of our multicultural and local staff, we can anticipate the differences and challenges you are facing in relation to your home market by drawing on our worldwide network of 264,000 individuals.

Deloitte brings together an extensive range of services in an integrated, end-to-end offering to support your business in all stages of its life cycle.
**Strategy and Operations**

We draw on the strength of Deloitte’s full suite of professional services and industry experience to focus on the real issues affecting businesses today.

-Finance
Address the most critical priorities in enabling the finance function to support and create value for the business

-Operations Transformation
Get clear, concise and well-informed perspectives on the important dynamics that are currently reshaping your business environments

-Strategy
Identify where to play, how to win, and how to future-proof your business model
Technology

Today, business and technology innovation are inextricably linked and the demand for technology-enabled business transformation services is rapidly growing. We help clients resolve their most critical information and technology challenges.

01
Deloitte Digital
Bring your digital strategy to life and meet the realities of today... and tomorrow

02
Technology Strategy and Architecture
Design and build a high-performing IT organization

03
Analytics & Information Management
Manage data from disparate sources and convert it into accurate, actionable information that can support fact-driven decision-making and drive competitive advantage
Human Capital

Today’s business challenges present a new wave of HR, talent, and organization priorities. We leverage research, analytics, and industry insights to help design and execute critical programs from business driven HR to innovative talent, leadership, and change programs that enable business performance through people performance.

Organization Transformation & Talent

Drive the transformation agenda and achieve high impact and sustainable results with our OT&T services.

Actuarial, Rewards & Analytics

Better understand customers, reduce operating costs, and drive performance thanks to our advanced and actuarial analytics tools and services.

HR Transformation

Drive business value through strategy, the cloud, employee engagement tools, advanced workforce planning & analytics.
Tax

Today, business and technology innovation are inextricably linked and the demand for technology-enabled business transformation services is rapidly growing. We help clients resolve their most critical information and technology challenges.

**Business Tax**
Simplify tax management and oversight while gaining global visibility for making informed strategic decisions—all with the ease of working with a global provider.

**Global Employer Service**
Get advice on how to implement your global employment programs in a tax- and cost-efficient manner.

**Indirect Tax**
Benefit from advisory services along with a range of efficient outsourcing and co-sourcing options, applying innovative technology solutions.

**Global Mobility Compensation and Tax**

**Immigration**

**Mobility Advisory, Technology and Analytics**

**Tax Compliance and Reporting**

**Tax Implications of Business Change**

**VAT and GST Automation**

**VAT and GST Compliance and Reporting**

**Global Trade Advisory (GTA)**
Audit

Audit is about more than just the numbers. It's about attesting to accomplishments and challenges, and helping to assure strong foundations for future aspirations. Deloitte illuminates the what, how, and why of change so you're always ready to act ahead.

Audit Services

Provide high quality financial information to your stakeholders and regulators and respond timely to market evolutions.

Integrated Services

Benefit from administrative supporting activities, bookkeeping and accounting to better run your business.

Assurance Services

Benefit from an array of highly-valued services ranging- from closely adjacent accounting and internal control advice, to expanded forms of assurance on the broadening array of information that is moving markets yet currently devoid of any form of independent assurance.
Deloitte services for startups

Whether you want to start a new business, relocate your business or find a getaway to Europe, Deloitte Luxembourg’s Boost services deliver cutting edge capability for startups willing to set-up their business and grow successfully in Luxembourg.

Deloitte’s sustainability services

In today’s business environment a carefully orchestrated sustainability strategy becomes increasingly vital for long-term success. We are convinced that organizations should and can progress toward a more responsible and sustainable world and take an active role in this transition.

Sustainability reporting and assurance

Become transparent, build-up trust, and demonstrate your responsibility toward society by developing your non-financial reporting.

Impact Measurement

Identify impacts, dependencies, risks, and opportunities and align your strategies accordingly to ensure a more responsible and sustainable development of activities.
Luxembourg – The gateway to Europe
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