



SETTING UP BUSINESS IN LUXEMBOURG 2024



General Aspects

Luxembourg is a unique gateway to the European market through its location in the centre of Europe, between Belgium, France and Germany. As a member of the Eurozone, Luxembourg monetary unit is the Euro. The total area of the Grand Duchy is 2,586 square kilometres and the total population of nearly 600,00 inhabitants, nearly half of whom are of non Luxembourg nationals. The official languages are Luxembourgish, French and German, many people, especially in business life, speak English as well.

The Grand Duchy is a small but highly stable country boasting one of the highest GDP per capita in the world. Luxembourg's geographical location, excellent infrastructure, rewarding tax environment and high quality of life make it an attractive place to live and develop a business.

Legal Forms of Business Entities

Topic	Feature	Remarks
Branch Office and Subsidiary	A branch office is an establishment which enjoys a certain degree of independence vis-à-vis the founding company, while not being legally separate from it. A subsidiary is a company with local nationality that is legally independent of the parent company that has a majority holding in the subsidiary.	The parent company must take into account the tax differences between subsidiaries and branches.
Sole Proprietorship	Set up by a single natural person who carries out his activity in his own account or a self-employed intellectual worker. The self-employed entrepreneur is fully liable for the debts contracted by the firm and commits his personal assets. No legal personality, no constitutional document (articles of association) and no minimum capital is required.	This form of operation guarantees independence as well as minimal formalities. Suitable for small businesses and start-ups.
Partnerships There are the following partnerships in Luxembourg law:	A partnership is usually formed by at least two partners who join into business activity.	
General Partnership (Société en nom collectif – S.N.C.)	The S.N.C. may be incorporated by a notarial deed or a private agreement. No minimum or maximum share capital is required. Minimum of 2 partners, which may be natural or legal persons (only commercial companies). The partners of the S.N.C. are deemed to be trading in their own name. The partners have unlimited joint and several liability for all the commitments of the company on their personal assets.	Suitable for small and medium-sized businesses as the S.N.C. is simple to set up with low costs
Limited partnership (Société en commandite simple – S.C.S.)	The S.C.S. may be incorporated by a notarial deed or a private agreement. No minimum or maximum share capital is required. Minimum of one general partner and one limited partner. The general partner has joint and several liability for the commitments of the company. The limited partner is only liable up to the limit of his contribution and is however not entitled to manage the company.	Lightly regulated and characterized by flexibility and contractual freedom.

Special Limited Partnership (Société en commandite spéciale – S.C.Sp.)	The S.C.Sp. regime is accordingly almost identical to the S.C.S regime, except that The S.C.Sp. does not have a legal personality. The assets of the S.C.Sp. will be available exclusively to satisfy the rights of creditors whose claims have arisen in connection with the S.C.Sp. and not in connection with its members.	Particularly adapted for regulated alternative funds in Luxembourg.
Limited Liability Company (Société à responsabilité limitée – S.à r.l.)	The S.à r.l. is incorporated by a notarial deed and must be registered in the commercial register. The beneficial owners owning more than 25 % of the company must be registered with the beneficial owner register "RBE". The minimum share capital of an S.à r.l. is EUR 12,000, which must be fully paid up at incorporation. Shareholders liability is limited to their contribution. The S.à r.l. may have between 2 and 100 partners. There is also a "single member" S.à r.l., allowing a single partner to benefit from the advantages of an S.à r.l.	The most widely used form of company, with high flexibility and relatively few obligations.
Simplified Limited Liability Company (Société à responsabilité limitée simplifiée – S.à r.l.)	The SARL-S is incorporated by a notarial or a private deed and must be registered in the commercial register. The beneficial owners owning more than 25 % of the company must be registered with the beneficial owner register "RBE". The minimum share capital of the SARL-S is minimum EUR 1.- and maximum EUR 12,000 which must be fully subscribed and paid up at incorporation. The company may have between 1 and 100 partners, only natural person(-s).	More flexible than the S.à r.l., the SARL-S is a good way for the entrepreneurs to have an immediate access to the Luxembourgish economic activity.
Public Limited Company (Société Anonyme – S.A.)	The S.A. is incorporated by a notarial deed and comes into existence upon registration in the commercial register. The minimum share capital is EUR 30,000, 25% of which must be paid up at incorporation. Shareholders' liability is limited to their contribution. The beneficial owners owning more than 25 % of the company must be registered with the beneficial owner register "RBE".	Often chosen as a form of company for large businesses. Shares can be transferred easily, the S.A. can be listed publicly on the stock exchange.
Simplified Public Company (Société par actions simplifiée – S.A.S)	The SAS is incorporated by a notarial deed and must be registered in the commercial register. The minimum share capital of the SAS is EUR 30,000 which must be fully subscribed at incorporation. The shares may be partially paid up to 25%. The beneficial owners owning more than 25 % of the company must be registered with the beneficial owner register "RBE". The management of the SAS is made by a Chairman (president), legal or natural person, shareholder or not, who is the only person able to . Managing directors can be appointed by his side. They may exercise the powers entrusted by the Chairman.	This new flexible legal form introduced into Luxembourg law has been inspired by the French market.
Partnership limited by shares (Société en commandite par actions – S.C.A.)	The S.C.A. is incorporated by a notarial deed and must be registered in the commercial register. The minimum share capital is EUR 30,000, 25% of which must be paid up at incorporation. The company is formed by at least 2 partners, namely one general partner and one limited partner. The beneficial owners owning more than 25 % of the company must be registered with the beneficial owner register "RBE". General partners have a joint and several unlimited liability. Limited partners have a liability limited to the amount of their contribution, as long as they do not interfere in the management of the company.	The partnership limited by shares combines structures of a S.A. and a Limited S.C.S.

Civil Company (Société civile)	<p>The civil company is governed by the provisions of the Luxembourg Civil Code. No minimum or maximum share capital. At least 2 shareholders are required. It is frequently used to manage immovable assets in the form of a real-estate company constituted under civil law (société civile immobilière – S.C.I.). The beneficial owners owning more than 25 % of the company must be registered with the beneficial owner register “RBE”. The civil company may have a commercial purpose but in this case the tax situation as well as other aspects of the company will change.</p>	<p>Suitable for any natural or legal person that wishes to carry out a non-commercial activity.</p>
Cooperative company (Société coopérative – S.C.)	<p>The S.C. may be incorporated by a notarial deed or a private agreement. It is characterized by its variable capital and the absolute non-transferability of shares to third parties. A minimum of 7 shareholders is required.</p>	<p>Suitable for economy of scale by pooling resources and for the diversification of business activities.</p>



Organizational Questions

Topic	Feature	Remarks
Commercial Register	The articles of association must be registered and filed with the Luxembourg trade and companies register (Registre de Commerce et des Sociétés - RCS) and published in the Luxembourg Official Journal C (the "Mémorial C"). The beneficial owners owning more than 25 % of the company must be registered with the beneficial owner register "RBE".	Modifications of the articles of association (statutes) and beneficial owners are covered by the same publication requirements.
Business Licence	Issued by the Ministry of Middle Classes for a commercial activity or by the Ministry of Economy and Foreign Trade for industrial activities upon request and on proof of knowledge of business management. Among other things, evidence of professional qualification and proof of professional integrity are required. Certain activities which are mainly intellectual in nature and carried out by an individual in their own name do not require a business licence.	Most permits are granted within 2 to 5 weeks provided that the application file is complete. The company must have its own premises or rent an office or dedicated working space (depending on the activity of the company) in order to obtain the permit.
Bank Account	To open a bank account, individuals need a valid passport and a proof of address. Companies need the draft articles of association, a copy of the identity documents of the representatives, the address of the company's registered office and the legal address of the representatives.	The amount of the share capital must be transferred to the bank account before the passing of the deed of incorporation. The bank account opening process can be long according to the complexity of the file. The usual delays are between 2 to 4 months. Bank accounts can also be opened outside Luxembourg. We also have the possibility to open accounts to incorporation purpose with an online bank with the "LU" IBAN. Delay may vary between 2 to 4 weeks. Bank accounts can also be opened in jurisdictions outside Luxembourg. Luxembourg legislation also offers the possibility to incorporate companies with a contribution in kind without a bank account in order to speed up the process.
Transfer of Goods and Machinery	Within the EU goods and machinery can circulate freely. Imports from non-EU states to Luxembourg cause customs, import turnover tax, and in some cases special excise taxes.	There are several customs exemptions to be considered.
Transfer of Capital	Free movement of capital (i.e. capital can be moved in and out of Luxembourg without any restrictions).	Subject to Anti-Money Laundering (AML) and Counter Terrorist Financing (CTF) rules and regulations.

Visa and Residence permit	All EU citizens can set up business and take up self-employed work in Luxembourg without the requirement of any permit. Most of the non-EU nationals need a visa to enter Luxembourg but there are several exceptions.	
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Employment

Topic	Feature	Remarks																		
Work permit	Citizens of the European Union, the European Economic Area (EEA), or Switzerland can work in Luxembourg without any restrictions. All nationals from non-EU countries need a work permit to work legally in Luxembourg, except members of the management board of body corporates..	As from 1 January 2014, Bulgarian and Romanian citizens no longer need to apply for a work permit in order to access the Luxembourg job market. However, Croatian citizens remain subject to a work permit during their first year of professional activity in Luxembourg.																		
Labour law	In Luxembourg there are detailed employment regulations. A minimum of 26 days of paid holidays a year is guaranteed, in addition to public holidays. The law provides for a working time of 40 hours per week and eight hours per day. The maximum working week (inclusive of overtime) is 48 hours. Statutory limits on working time are part of extensive health and safety regulations. The notice period for termination of employment depends on seniority of the employee. A special law for protection against unfair dismissal offers great protection for employees.																			
Social system	Regular Luxembourg social security contributions consist of an employer's and an employee's portion. Both are computed on a gross remuneration capped at EUR 10,709.95 per month as from 1 January 2020. The following rates are applicable for 2021:																			
	<table border="1"> <thead> <tr> <th>Health</th> <th>Employee's portion</th> <th>Employer's portion</th> </tr> </thead> <tbody> <tr> <td>- non-periodic remuneration (e.g. bonus)</td> <td>2.80%</td> <td>2.80%</td> </tr> <tr> <td>Long term care insurance</td> <td>1.40%</td> <td></td> </tr> <tr> <td>Pension</td> <td>8%</td> <td>8%</td> </tr> <tr> <td>Accident</td> <td>-</td> <td>0.90%</td> </tr> <tr> <td>Health at work</td> <td>-</td> <td>0.11%</td> </tr> </tbody> </table>	Health	Employee's portion	Employer's portion	- non-periodic remuneration (e.g. bonus)	2.80%	2.80%	Long term care insurance	1.40%		Pension	8%	8%	Accident	-	0.90%	Health at work	-	0.11%	
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Taxation

Luxembourg offers an attractive tax environment.

As such, the participation exemption regime provides an exemption from income, withholding and net wealth tax for qualifying investments held by qualifying entities (i.e. dividends, capital gains and liquidation proceeds).

A favourable tax regime applicable to intellectual property rights (IP regime) was implemented in Luxembourg and can provide an exemption up to 80% on royalties and capital gains derived from many types of IP rights: patents, designs/models, internet domain names and software copyrights. Nonetheless, IP rights acquired directly from a related party are excluded from the regime.

Furthermore, special tax regimes are available for securitization vehicles (all remuneration paid, including dividends is tax deductible); SICARs (exempt on all income from securities and on transit funds); undertakings for collective investments (SICAVs, SICAFs, and FCPs), specialized investment funds (lightly regulated vehicles) and SPFs (private wealth management vehicles).

In order to avoid the double taxation of the income, Luxembourg has concluded 80 tax treaties.

Tax	Feature	Remarks
Corporate Income Tax In force as at 1st January 2024 (Impôt sur le revenu des collectivités)	Luxembourg taxes its corporate residents on their worldwide income and non-residents only on Luxembourg-source income. Businesses with taxable income lower than EUR 175,000 are subject to CIT at a rate of 15%. Businesses with taxable income between EUR 175,000 and EUR 200,001 are subject to CIT computed as follows: EUR 26,250 plus 31% of the tax base above EUR 175,000. The CIT rate is 17% for companies with taxable income in excess of EUR 200,001 leading to an overall tax rate of 24.94% in Luxembourg City (taking into account the solidarity surtax of 7% on the CIT rate, and including the 6.75% municipal business tax rate applicable). The CIT does not apply to tax-transparent entities (e.g. general or limited partnerships or European Economic Interest Groupings). Solidarity surtax A 7% solidarity surtax is imposed on the CIT amount. Taking into account the solidarity surtax, the aggregate CIT rate is 18.19% for companies with taxable income in excess of EUR 200,001. Municipal business tax on income Municipal business tax is levied by the communes and varies from municipality to municipality. The municipal business tax for Luxembourg City is 6.75%. The effective combined CIT rate (i.e. CIT, solidarity surtax, and municipal business tax) for Luxembourg City is 24.94%. The Luxembourg tax law provides that certain types of income (dividends, capital gains and liquidation proceeds) may be exempt from taxation under certain conditions.	
Corporate Income Tax (Impôt sur le revenu des collectivités)	The Luxembourg tax law provides that certain types of income (dividends, capital gains and liquidation proceeds) may be exempt from taxation under certain conditions.	
Withholding Tax	A withholding tax of 15% is levied on dividend payments, unless tax treaties provide for lower rates or the Luxembourg participation exemption regime reduces withholding tax to 0%. Normal interest payments (i.e. not profit-linked interest) and liquidation proceeds are generally not subject to withholding tax. Luxembourg does not levy withholding tax on royalty payments.	

Personal Income Tax in case of transparent partnerships and sole proprietorship	Personal income tax applies to the entrepreneur in a sole proprietorship and the partners, natural persons, in transparent partnerships (S.N.C., S.C.S., or civil companies). If the partner is an opaque capital company, corporate income tax applies.	
Net Wealth Tax (NWT) (Impôt sur la fortune)	<p>Corporate income tax (impôt sur le revenu des collectivités - IRC) is a special proportional tax levied on gains made by certain corporations (including capital companies) during the financial year.</p> <p>Capital companies are fiscally opaque, i.e. as corporate entities, they are taxpayers and subject to the tax on companies called corporate income tax.</p> <p>Corporate income tax for resident and non-resident companies has been set at the following rate :</p> <p>15 % where the taxable income does not exceed EUR 175,000; 17 % where the taxable income exceeds EUR 200,000.</p> <p>An additional charge of 7 % is levied on corporate income tax as a contribution to the employment fund.</p>	<p>Assets qualifying for the Luxembourg IP regime are exempt from NWT.</p> <p>Participations in companies qualifying for the participation exemption regime are exempt from NWT.</p>
Personal Income Tax (Impôt sur le revenu des personnes physiques)	Progressive tax rates range from 0% to 42% (including the Employment Fund surcharge). The Employment Fund surcharge increases the income tax between 7% and 9 %.	An expatriate tax regime directed at highly skilled employees came into effect on 1 January 2011 (tax relief for certain expenses).
Land and Property Tax (Impôt foncier)	Property tax is an impersonal tax, implemented by the communes, which is levied on all property situated in Luxembourg, built on or otherwise, belonging to natural and legal persons. The tax of 0.7% to 1% is levied on the unitary value of the property, which is much lower than the market value. Rates vary by municipality and type of property.	Land and property tax in Luxembourg is low compared to its neighbouring countries.
Value Added Tax (VAT)	<p>The standard VAT rate is 17%, but there are reduced rates of 14%, 8% and 3% applied to some goods and services deemed to be essential such as food, books and newspapers.</p> <p>Some services are exempt, such as medical and health services, and many banking and financial services.</p>	For services provided to EU private customers, the applicable VAT will be levied in the country of residence or domicile of the client and no longer in the country of the supplier.

<p>Non-resident Taxation</p>	<p>Non-resident individuals and companies having a “permanent establishment” in Luxembourg are subject to Luxembourg taxation with their Luxembourg-sourced income (e.g. dividends, capital gains). Double taxation of this income is avoided by double taxation agreements between Luxembourg and other countries.</p> <p>Non-residents individuals deriving at least 90% of their total income from Luxembourg are, upon request, taxed as if they were residents.</p>	<p>Apart from salaries and pensions, Luxembourg source income derived by non-resident individual taxpayers is subject to progressive tax rates with a minimum rate of 15%.</p>
<p>Chamber of Commerce contribution</p>	<p>The Chamber of Commerce contribution is imposed annually on any person carrying on commercial, financial or industrial activities in Luxembourg. The contribution is levied on taxable profits of the penultimate year at a rate ranging from 0.025% to 0.2%. A minimum contribution will be levied, but it cannot exceed EUR 140 for public companies, partnerships limited by shares and European companies and EUR 70 for partnerships and private limited liability companies (EUR 14 for individuals). A lump sum fee of EUR 350 is due for companies principally carrying out holding activities that are listed as such under the NACE Code (the EU’s code for statistical classification of economic activities).</p>	
<p>Registration duties and Transfer tax</p>	<p>A fixed registration duty of EUR 75 is due on incorporation, modification of bylaws or transfer of the statutory seat or central management to Luxembourg.</p> <p>Sales of immovable property (land, buildings), specific contributions to companies, rental leases and donation are subject to registration duties of 6% plus 1% transcription tax. Exemptions are available for the 6% transfer tax and the 1% transcription tax.</p>	





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Greece
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Italy

Luxembourg

Malta
Montenegro
Norway

Poland

Portugal

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Sweden
Switzerland

The Netherlands

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Costa Rica
Dominican
Republic

Ecuador

El Salvador

Guatemala

Honduras

Mexico

Panama

Paraguay

Peru

Uruguay

USA

Venezuela

**MIDDLE EAST
AND AFRICA**

Algeria

Angola

Egypt

Israel

Jordan

Kenya

Kuwait

Lebanon

Mauricio

Morocco

Nigeria

Saudi Arabia

South Africa

Tanzania

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