

### LOCATION



Luxembourg is now acknowledged to be a reliable economic and political partner at European and international level. It forms an integral part of one of the largest economic and monetary areas in the world. The country's main advantages are its strategic location in Europe, logistics and telecommunications infrastructure, political and social stability with an attractive legal and tax framework.

### LAW & TAX

The Luxembourg legal system is based on civil law. Many laws are based on French or Belgian legislation. An increasing amount of legislation has its source in European Union regulations, directives and decisions. Hong Kong has entered into a Double Tax Agreement ("DTA") with Luxembourg. This DTA makes Luxembourg an attractive investment location for companies located in Asia & conversely, for companies located in Europe investing in Hong Kong and Asia.

#### Current withholding tax rates are:

1. Dividends:
  - 0% in HK
  - 0% if there is a minimum holding of 10% held in the Luxembourg company; or
  - 0% if participation with an acquisition price of at least EUR1.2 million in the Luxembourg co. paying dividends.
  - 10% in other cases.
2. Interest:
  - 0% in HK
  - 0% in Luxembourg
3. Royalties:
  - 3% in HK
  - 0% in Luxembourg
4. Capital Gains and Disposal of Shares:
  - 0% in HK as there is no capital gains tax in HK. Gains derived by a Luxembourg resident from disposing of investments in HK would only be taxable if they are HK sourced revenue and are attributable to a permanent establishment maintained by the Luxembourg resident in HK.
  - 0% in Luxembourg except for disposal of a real property holding company (i.e. more than 50% of the asset value of the Luxembourg company is derived from immobile property situated in Luxembourg).

**Value Added Tax:** Luxembourg is an interesting location to develop a logistic & coordination centre for European VAT perspective. Luxembourg companies do not have to pre-finance import VAT with direct payment to customs as in the other Member States. After communication of its VAT number to the custom officer, companies can include due VAT on import in the VAT returns with direct deduction. The further selling to VAT payer established in other Member States are exempt of VAT.

Businesses that have no identification in any country of E.U. and would like to import goods in Europe also have an interest to choose Luxembourg as logistic centre for Europe. A new VAT law in Luxembourg permits non-EU businesses to appoint a tax representative for VAT purposes.

### KEY ENTITIES

Luxembourg companies can be structured as:

- Soparfi (Holding company);
- SPF (Private Assets Management company);
- FIS (Specialized Investment Fund);
- SICAR (The Risk Capital Investment company).

A meeting can be arranged to discuss which structure is most appropriate to meet your needs and further information will be provided.

### BANKING

Luxembourg banks are renowned for their well established system and are monitored by the International Monetary Fund. We can provide assistance in opening a Luxembourg bank account without the client visiting Luxembourg.

### OUR SERVICES

To summarize, we provide a one-stop shop service commencing with but not limited to the formation of the company or fund, providing virtual office services, accounting & compliance, company secretarial and administration, fund administration services, bank account management, trade documentation and payroll services.