



# How does Luxembourg attract wealth, entrepreneurs and talent?

**Draft law n°6992**

—  
14/03/2017





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# How does Luxembourg attract wealth, entrepreneurs and talent?

## Agenda:

- Introduction
- Draft law n°6992 voted on 08/02/2017
- PANEL - Focus on 3 different cases
  - Intra-company transfer
  - Entrepreneurs
  - Investors
- Attractiveness of Luxembourg
- Panel Discussion
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- Networking cocktail

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# Introduction





# Draft law n°6992



# Draft law n°6992 (voted on 02/03/2017)

## What?

New Law modifying the *immigration law*.

Transposition of Directives :

1. 2014/36/EU
2. 2014/66/EU
3. New domestic provisions

## For who?

Introduction of 5 **new residence permits**:

1. Temporary Intra-company Transfer (ICT)
2. Investors
3. Business Continuity Plans (located in Luxembourg for non EU-companies)
4. Non-EU nationals Students in Luxembourg
5. Seasonal Workers

## When?

- « Premier vote constitutionnel » voted on 08/02/2017
- « Dispense du second vote constitutionnel » voted by Conseil d'Etat on 02/03/2017



Law should be published in the Memorial **within 3 months**



# Focus on 3 different cases





# Focus on intra-company transfer





# 2014/66/UE directive - ICT

## What?

Transposition of Directive 2014/66/EU:

Facilitates the entry and mobility conditions for Temporary Intra-company Transfer (ICT)

## Goals?

- Enable a **Non-EU** company or Multi-national group to facilitate the temporary transfer of their executives/experts/trainees in a **EU** entity of the same company or group
- The main innovation is the mobility concept: A ICT worker can more easily have successive intra-company transfers in one or several EU State members

## Conditions?

- The mobility period can last up to 3 years for experts or 1 year for trainees
- A new request for a same employee cannot be introduced before a delay of 6 months since the latest temporary transfer



# Focus on entrepreneurs



## What?

Law of 28/8/2008 art.51-53:  
Residence permit for entrepreneurs / self-employed

## Conditions?

- Has the required qualifications to perform his activity (there may be specific regulation for certain professions)
- Proof of appropriate and relevant resources to perform the activity
- The activity performed should serve the interests of the country economically or culturally (i.e. creating new jobs, investments in Luxembourg, ...)
- Is considered as entrepreneur/self-employed, every person who requested for an business license or ministerial agreement to perform the self-employed activities in the artisanal, industrial, commercial or agricultural type



# Focus on investors



# New national provision - Investors

What?

## Luxembourg National Provision

New residence permit for third-country high-net-worth individual investors

Goals?

Encourage and develop investment activities in Luxembourg  
Diversifying the Luxembourg economy

Conditions?

Residence permit for investors will be granted for a period of 3 years (renewable) **under conditions**. (Proof of appropriate housing)

| Amount condition   | Additional conditions   | Time condition          |
|--|---|-------------------------|
| At least 500,000 EUR in an existing company.   | Which performs commercial, artisanal or industrial activities | During at least 5 years |
| Invest at least 500,000 EUR in a new company (to be created) performing commercial, artisanal or industrial activities | Commit to hiring at least 5 employees within 3 years          | -                       |
| Invest at least 3,000,000 EUR in an investment and managements structure (existing or new)                             | Maintain appropriate substance                                | -                       |
| Invest at least 20,000,000 EUR as deposit in a Luxembourg financial institution  |   | During at least 5 years |

!!! Direct and indirect investments into real estate (rental or purchase) are excluded !!!



# Attractiveness of Luxembourg



# Attractiveness of Luxembourg

**Step-up in basis for individuals**

**Impatriate tax regime for dependent workers**  
(in case of assignment and also direct recruitment)

**Efficient social security system**

**Good redistribution system (State pension, unemployment benefits, ...)**

**No wealth tax for individuals**

**50% exemption of on movable property income**  
(under conditions)

**Exemption on capital gains**  
(for securities held more than 6 months, no substantial shareholding)

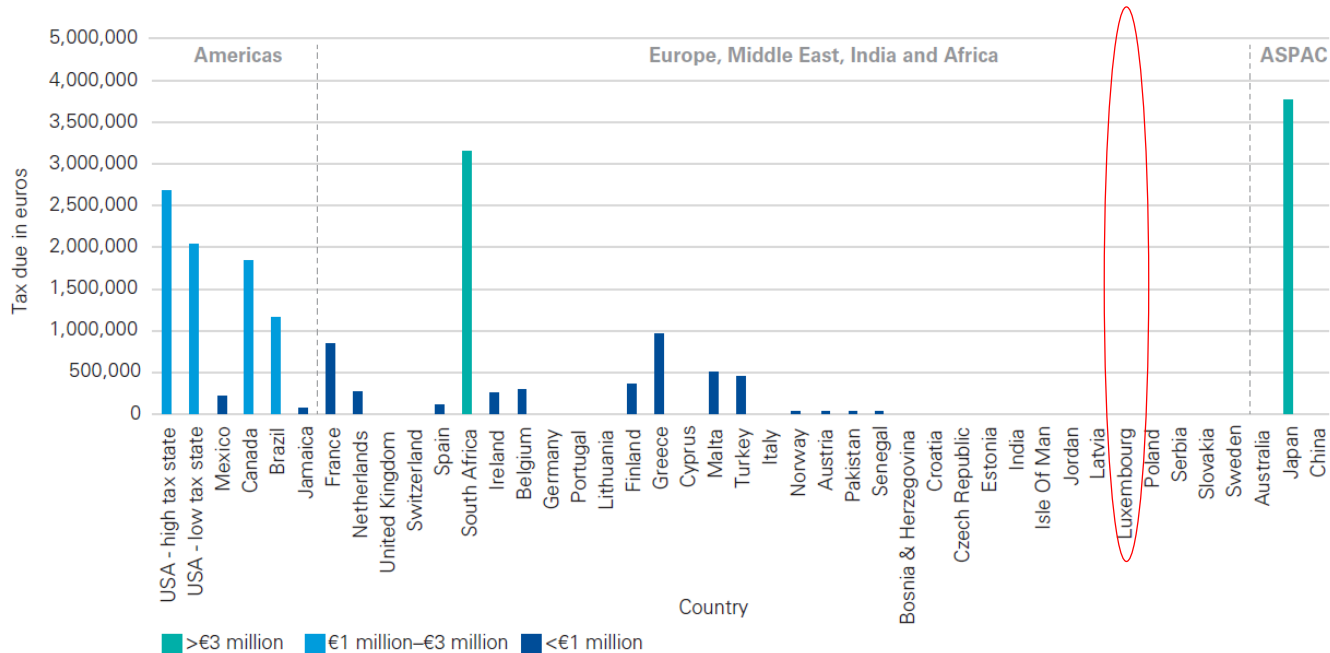
**20% final withholding tax on interest income**  
(under conditions)

**Special residence permits for third-country individuals**

# Attractiveness of Luxembourg

## Family business transfer through inheritance Tax due after exemptions

Family business transfer through inheritance  
Figure 1b: tax due after exemptions



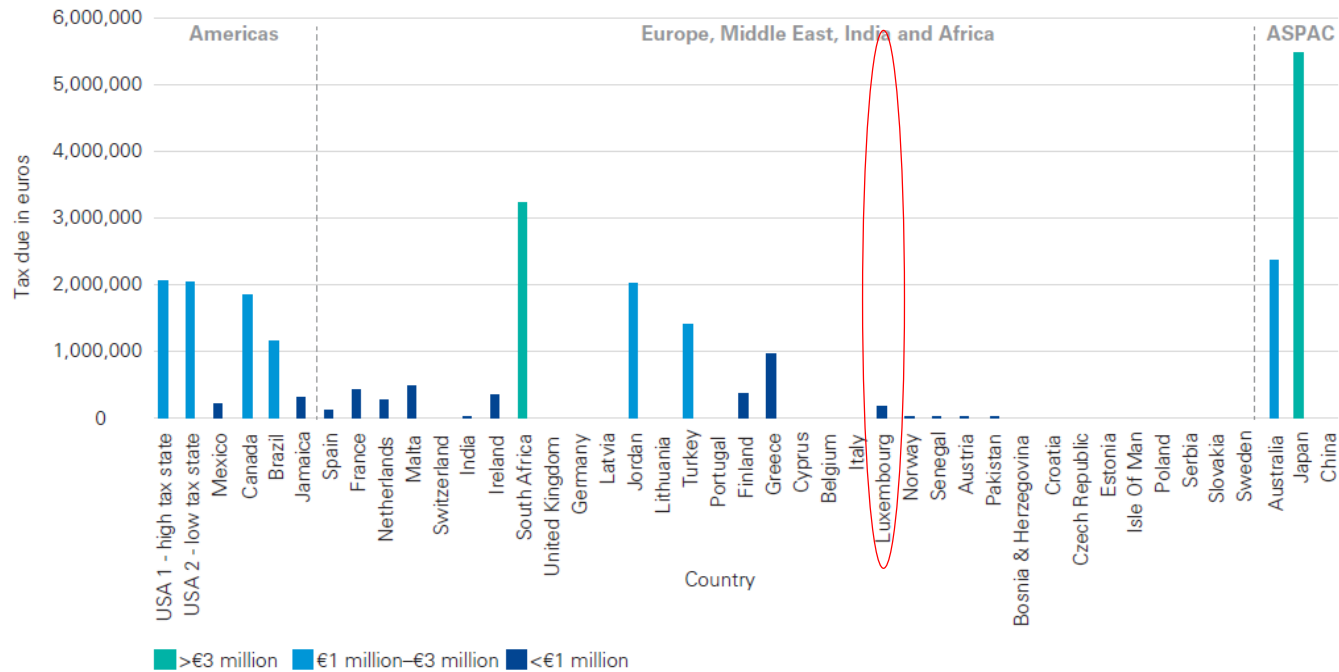
Source: Global Family Business Tax Monitor, KPMG, March 2016



# Attractiveness of Luxembourg

## Family business transfer on retirement Tax due after exemptions

Family business transfer on retirement  
Figure 2b: tax due after exemptions



Source: Global Family Business Tax Monitor, KPMG, March 2016



# Panel Discussion

|                          |                                     |
|--------------------------|-------------------------------------|
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| <b>Frédéric Scholtus</b> | <b>KPMG</b>                         |
| <b>Sylvie Schmit</b>     | <b>European Relocation Services</b> |
| <b>Laurent Peusch</b>    | <b>ADEM</b>                         |
| <b>Vincent Petit</b>     | <b>KBL</b>                          |



# Conclusion by IBCL





# Agenda



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