



INVESTMENT FUNDS – SUBSCRIPTION TAX – NEW MODALITIES (1)

The Grand Duchy of Luxembourg has passed a new law dated 23 July 2016 introducing the obligation to proceed via electronic filing of the subscription tax declarations relating to undertakings for collective investment funds (the “Law”).

Context

The Law was adopted in the context of the modernization of the procedures put in place by the Tax administration and the Luxembourg registry (Administration de l’enregistrement et des domaines – the “Tax Administration”) applicable to the subscription tax (taxe d’abonnement), the registration tax and to the mortgage regime. It makes more efficient the practical conditions and the management of the taxation of undertakings for collective investment (“UCI”).

The Tax Administration is the competent tax authority for investment funds and in particular for all steps pertaining to the subscription tax each UCI is subject to. For UCI, the subscription tax rate is 0,05% based on the net asset at the end of each quarter. A reduced subscription tax rate of 0,01% is applicable under certain conditions and for certain types of investment funds.

Impacted investment funds

As of today, three types of investment funds are impacted by the Law:

- i. The UCI governed by the law of 17 December 2010 regarding undertakings for collective investment, as amended;
- ii. The specialized investment funds (“SIF”) governed by the law of 13 February 2007 relating to specialized investment funds, as amended; and
- iii. The reserved alternative investment fund governed by the law of 23 July 2016 regarding reserved alternative investment funds which have opted for the SIF regime.

What is changing

The Law amends for all UCI the modalities and the way the declarations pertaining to the subscription tax are filed with the Tax Administration.

Hence, the “physical” deposit of the declarations is abolished and replaced by an electronic filing process with the Tax Administration. All declarations relating to the subscription tax (in particular the quarterly declaration informing the Tax Administration about the UCI’s net asset amount) are concerned.

From a practical point of view

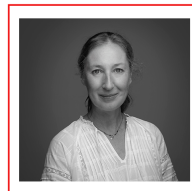
From a practical point of view, the Tax Administration will implement an IT application allowing the transmission of the declarations on a securitized platform.

The subscription tax declarations will have to be e-filed via this new application (“e-subscription tax”) in the same way as currently carried out for the VAT on the e-VAT platform.

Deadline

The steps need to be taken as of 1st January 2018 whatever the taxation period to which the declarations refer to is.

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