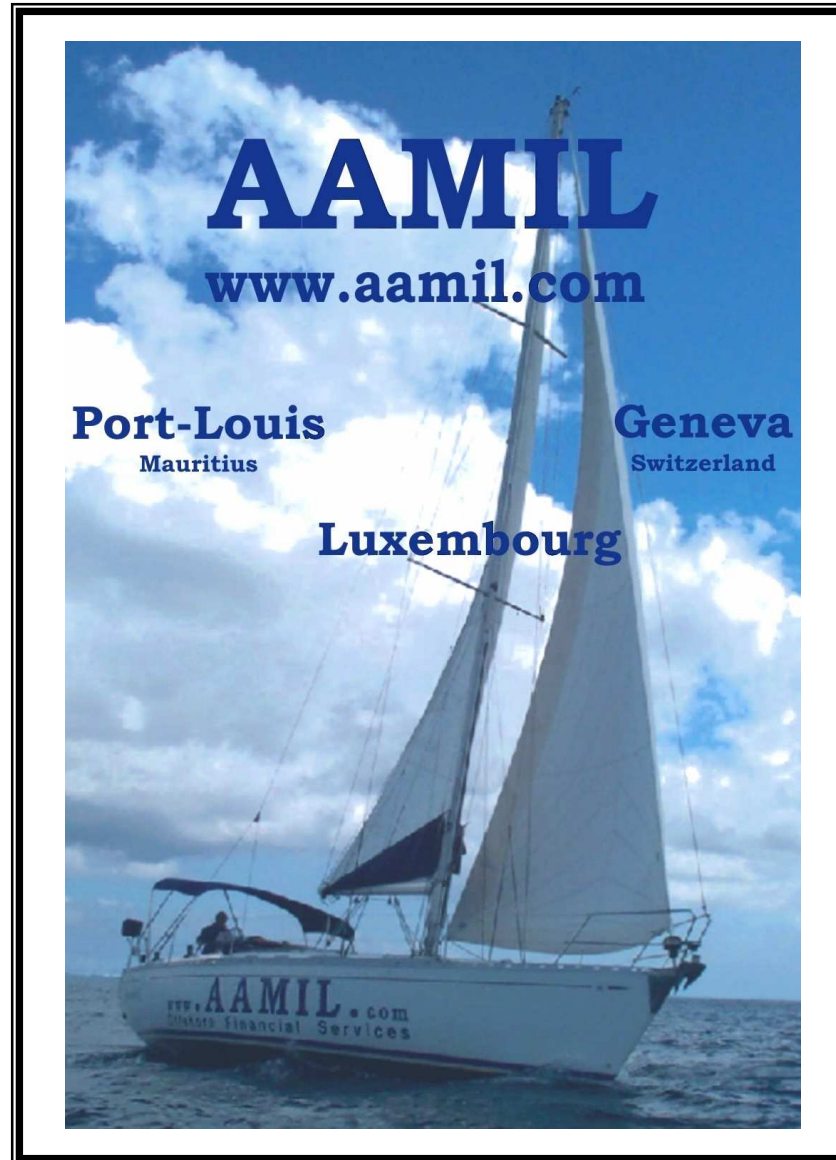


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**Ninth**

**INTERNATIONAL TAX PLANNING CONFERENCE - 2003**

**5 & 6 DECEMBER 2003**

**ITC GRAND MARATHA SHERATON HOTEL, MUMBAI, INDIA**

## Grand Duchy of Luxembourg

- Location
- Brief History
- Economy



## **Financial Services Centre**

- Holding 29
- Companies
- Investment Funds
- Reinsurance Companies
- SOPARFI
- Over Fourty Double Taxation Agreements
- Parent / Subsidiary Directive

## **Holding 29**

- Characteristics
- Taxation
- Advantages

## **Holding 29**

### Limitations:

- Trading / Commercial Activities
- Accounting
- European Constraints
- Double Taxation Agreements

## **SARL**

- Société à responsabilité limitée
- Incorporation by a Luxembourg Notary
- Minimum Capital : € 12,400
- Fully subscribed and paid-up
- Registered Shares
- With par value (min. € 25)

## **SARL**

- Managers (One or more)
- Unlimited term
- Large powers
- Statutory auditor if more than 25 members
- Annual accounts
- Debt to equity ratio



## SA

- Société Anonyme
- Incorporation by a Luxembourg Notary
- Minimum Capital : € 31,000
- Fully subscribed and min. 25% paid-up
- Bearer or Registered Shares
- With (min. € 1.25) or without par value

## SA

- Bord of Directors (at least three)
- Up to six years
- Broadest powers
- Statutory auditor
- Annual accounts
- Debt to equity ratio

## **SOPARFI**

- Participation exemption (law 28 December 1995)
- Dividend income :
  - fully taxable resident in Luxembourg
  - at least 10% held or € 1,240,000
  - at least 12 months holding period
  - subsidiary fully taxable

## **SOPARFI**

- Capital gains :
  - fully taxable resident in Luxembourg
  - at least 25% held or € 6,197,000
  - at least 12 months holding period before actual
  - subsidiary fully taxable

## **Parent / Subsidiary Directive**

- Council Directive 90/435/CEE of 23 July 1990
- Concept
- Company (Corporate form)
- In one Member State
- Receiving or paying out dividends
- Subject to taxation

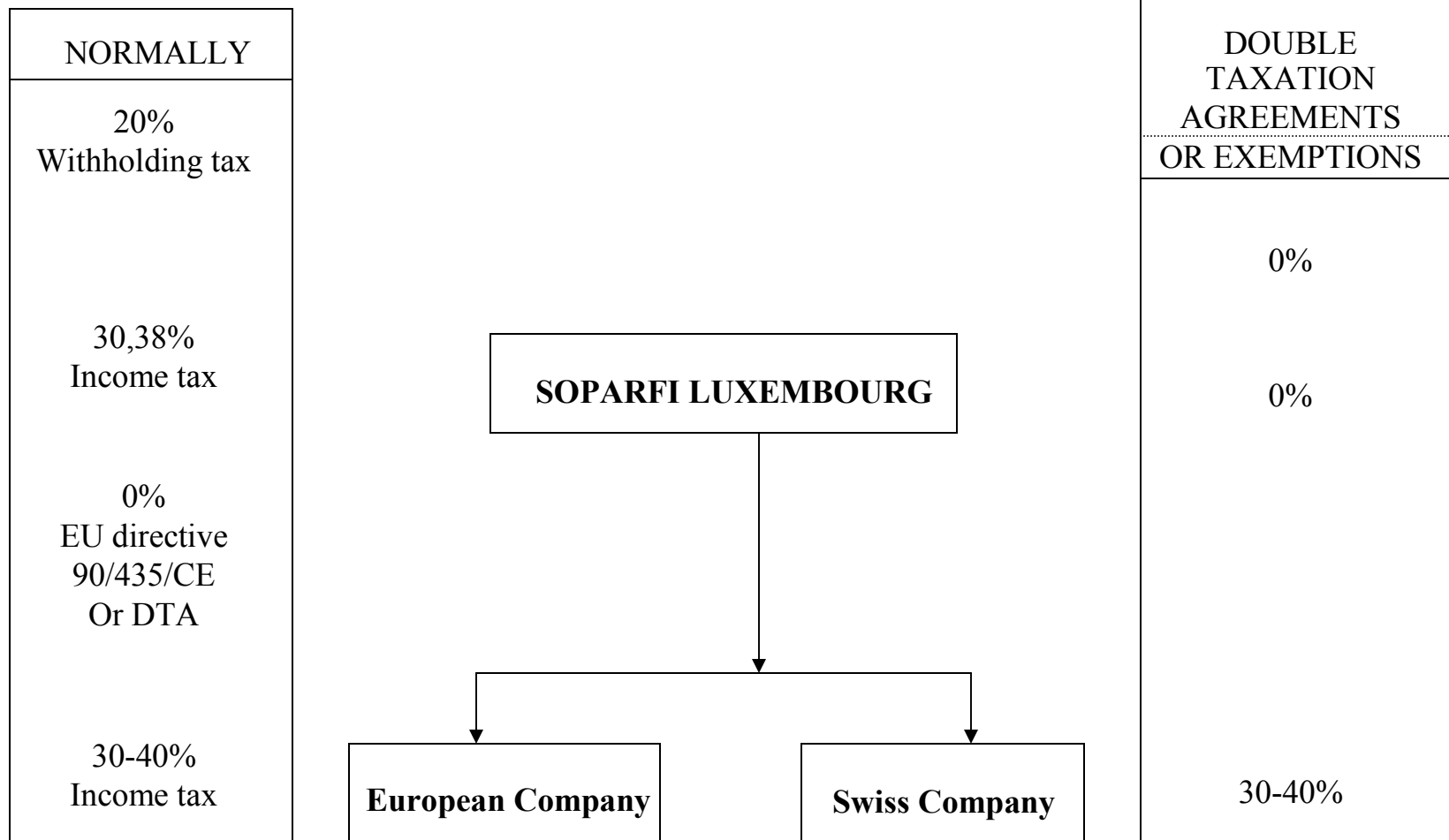
**Application :**

- 25% minimum shareholding
- Or voting rights
- For at least two years
- No withholding tax or subsidiary
- No second taxation at parent level
- Or deduction of Corporate taxes paid by subsidiary

## **New Proposals (18 september 2003)**

- Why ?
- Type of Companies
- 10% shareholding
- All underlying taxes to be deducted

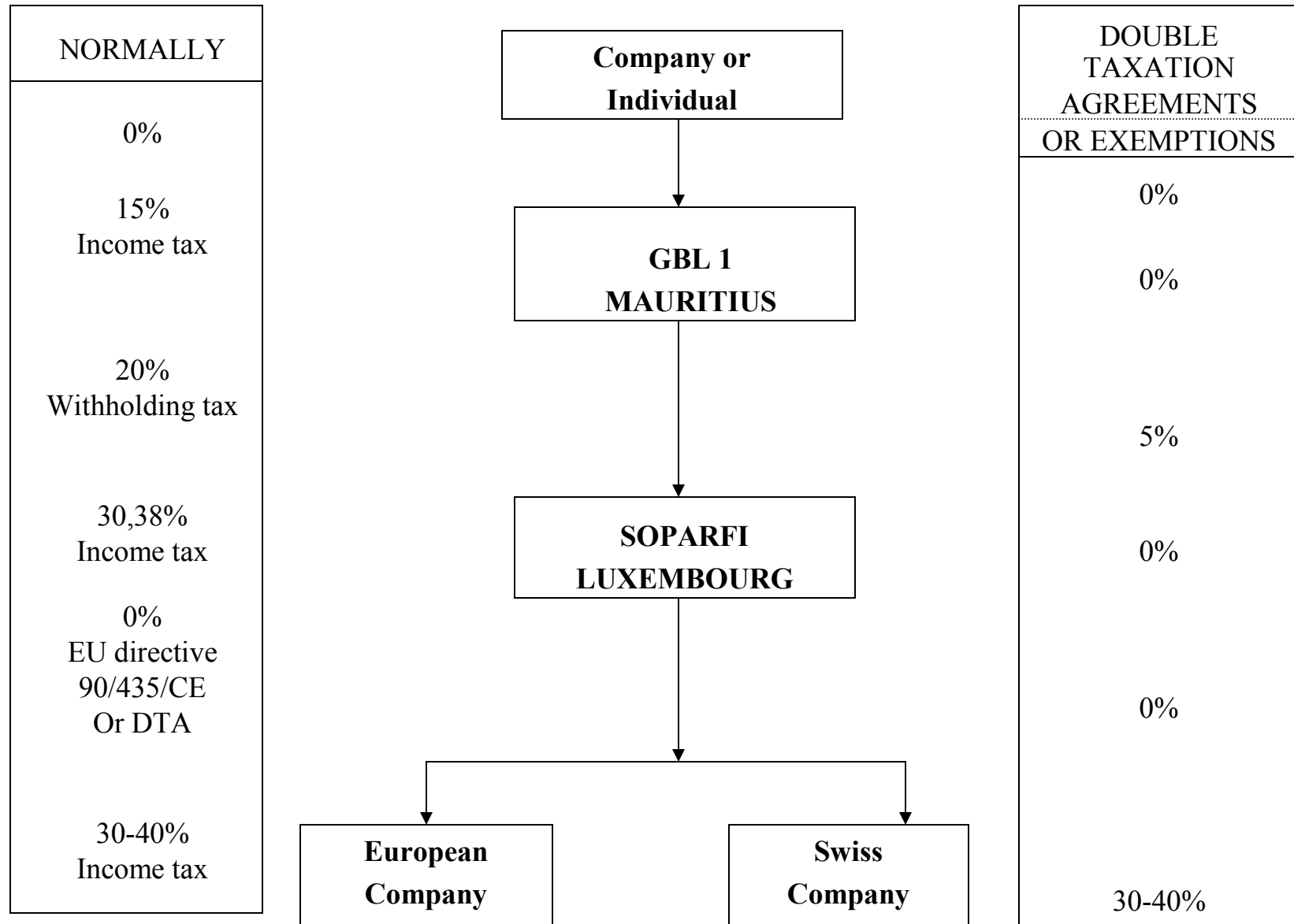
## Examples

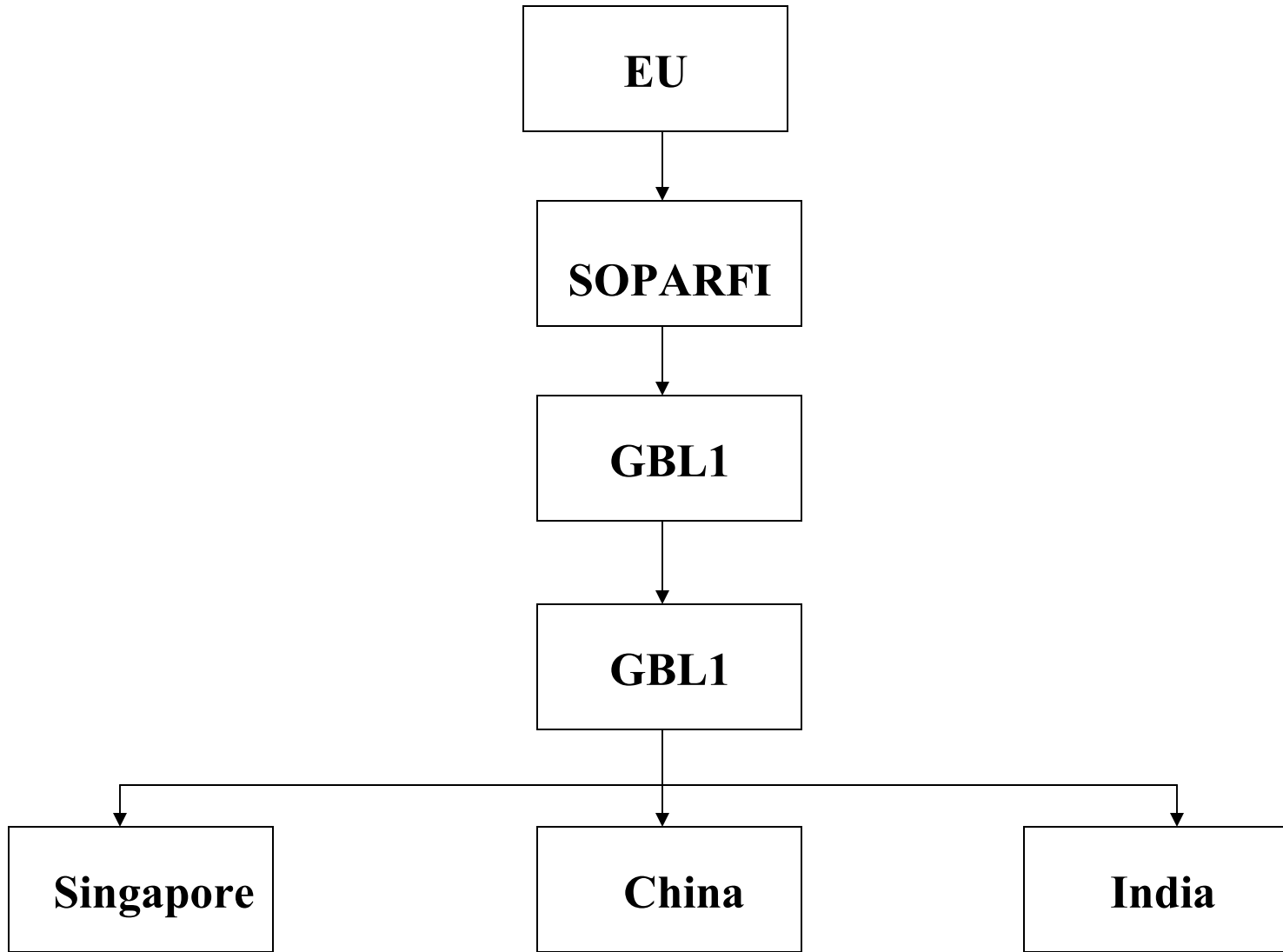




## **Double Taxation Agreements**

- Malta
- Mauritius





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