



TAX

An overview of our practice

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WHY LUXEMBOURG

Luxembourg is not only geographically at the heart of Europe, it is also an important member of the European Union.

Luxembourg has always promoted and maintained a flexible and business minded environment, traditionally known and appreciated by the financial sector. Nonetheless, Luxembourg offers equally a flexible environment to operational entities in several areas like for example new technologies or telecommunication businesses, FinTech and biotechnology. Great examples of this are companies such as Amazon, iTunes, RTL Group, SES, Skype and many others.

Luxembourg's business minded system is rounded up by a consequent investment into infrastructures and finally a comfortable social environment and a high quality of life.

- Stable and reliable jurisdiction
- OECD white-listed and automatic exchange of information on the basis of OECD CRS and FATCA
- Access to all EU Directives
- State-of-the-art fund industry
- Variety of vehicles to suit all types of investors and activities
- Developed administrative tax practice
- Extensive Tax Treaty Network
- Flexible repatriation schemes
- Various incentives like attractive special regime for income on IP, highly skilled in-pats, etc
- Currently the lowest VAT rate in Europe

OUR CULTURE

PwC Legal is a leading independent business law firm in Luxembourg.

We offer our clients an extensive range of legal services, not only in traditional practices such as corporate, tax, banking and finance, equity and debt capital markets, financial services regulation and investment funds, but also in practices such as employment, litigation/dispute resolution and IP/ICT in which we have top-tier expertise.

What makes us different is our commitment to providing legal services of the highest quality in all sectors of activity and building close and strong relationships with our clients.

OUR TEAM

Our team is made up of highly specialised and multilingual lawyers, who have gained their experience in leading international firms and are used to manage complex international transactions.

Our team closely works with all other practices of our firm in order to offer our clients fully integrated advice and tax efficient solutions.

At PwC Legal we put at the disposal of our clients a deep technical knowledge of both the applicable laws and the relevant industries as well as a deal-driven and pragmatic approach to guide our clients through the transactions and contribute to the achievement of their objectives and business plans.

OUR EXPERTISE

Our team is experienced in the international tax and corporate tax areas. Such areas include industry skills in the fields of general M&A / Transactional work, Private Equity / Venture Capital, Real Estate, Due Diligence, Investment Funds, New Technologies and Project Management.

Together with the other PwC legal practices, our team closely assists on a daily basis a wide range of clients of international and multinational origin, including private equity houses, financial institutions, other institutional clients as well as local businesses and start ups.

Our practice is recognized locally and internationally and our tax practice is recommended by Chambers & Partners and is ranked Tier 2 in The Legal 500.

SOME AREAS OF FOCUS

M&A / Transactional work

PwC Legal has a renowned expertise in the field of international structuring. Our tax team supports our corporate practice, the biggest team in our firm, to drive our clients through the transactions, adding real value by identifying suitable tax efficient structures.

We work in close cooperation with foreign tax advisors conducting feasibility studies to implementation of the chosen structures. It allows us to have a clear insight into the business objectives and context, and therefore to be highly proactive and find tailor-made solutions to meet clients' expectations.

Our tax advice may for example cover the following transactions:

- Migration of entities from and to Luxembourg intra-group financing structures
- Share for share deals
- All assets and liabilities contributions
- Liquidations
- Cross border mergers
- Due diligence process on Luxembourg companies and coordination of due diligence abroad
- Tax opinions of all kind
- Related tax compliance

Private Equity / Venture Capital

We provide a full range of services in the field of private equity, participating in this manner to the growth and development of private equity in Luxembourg. The country has demonstrated its support to this industry by creating a friendly and business minded legal environment for these players.

PwC Legal is represented in the main Luxembourg-based Private Equity associations.

Our tax team belongs to the Private Equity team of our firm, and is regularly involved in complex transactions involving a wide spectrum of matters which can notably be categorised in the following areas:

- Design and structuring of private equity funds (choice of Luxembourg vehicle, drafting of prospectus, private placement memorandum, corporate governance, distribution rules, prospectus law, subscription agreement, management company, other corporate and regulatory aspects, etc.)
- Implementation of Luxembourg holding / acquisition vehicles
- Financing structures
- Assistance to SPA / Bid process
- Implementation of Management Equity Programs
- Distressed debt acquisition structures
- Exit strategies
- Management buyouts
- Secondary buyouts
- Deal clubbing

Our clients vary from private equity houses to venture capital funds as well as management teams and lower sized independent fund managers. We have a strong international based clientele, with a particular focus in the US and in the UK markets.

Real Estate

PwC Legal has a dedicated and continuously developing real estate team, which offers and provides a wide range of services especially tailored to meet the requirements of both our domestic and international clients.

Our tax team, in cooperation with the real estate team, is regularly involved in complex transactions involving a wide spectrum of matters which can notably be categorised in the following areas:

- Structuring advice
- Carried interest structures
- Due diligence
- Financial aspects
- Real estate transfer tax planning
- Related tax compliance

Investment Funds

Luxembourg is one of the worldwide leaders in the fund industry and continuously enhances and enlarges the legal framework and the variety of available vehicles. As of today Luxembourg is Europe's number one investment funds domicile and the second largest fund center in the world after the US.

Being one of the first countries to implement the AIFM Directive as well as other EU regulations underlines the interest of the government for this sector and its leading role in the implementation phase while it intends to create an opportunity for Luxembourg to develop an alternative investment framework.

Our tax team supports our Finance and Investment Funds teams to identify the best vehicle that suits the requirements of the investors while being efficient from a tax perspective through the winding up passing by the fund raising process and the investment phases.

In this context, our team has been actively involved in the support for the implementation of SIFs, SICARs, RAIFs, Securitization vehicles as well as other non regulated schemes.

Our team members are represented in the ALFI.

New Technologies

As above mentioned, Luxembourg is also very active in the domain of new technologies and more specifically in media and communication, Internet, e-commerce and intellectual property protection.

The country has considerably invested in data centers and infrastructures to support the growth of these industries.

Our New Technologies & IP group is amongst the biggest of the fully dedicated teams to this specific practice in Luxembourg. The tax team closely works together with our New Technologies and & IP team adding real value by proposing tax efficient structures.

We regularly advise Internet website promoters and well-known international providers and merchants directly or indirectly connected to electronic commerce, in order to protect their rights (including intellectual property rights) and identify efficient structures to exploit such rights.

In this context, we have broad experience in setting up Patent Boxes (to be phased out by a new regime in 2016).

Furthermore, our team has broad expertise in the e-commerce field and cumulated collateral knowledge on the migration of businesses to Luxembourg, covering all kind of direct and indirect tax matters linked to the migration.

Employment

In today's business world, the understanding of and compliance with employment and tax law regulations at a local and international level has become one of the essential components of a successful HR strategy.

Our tax team may help you in the following areas:

- Design and/or optimisation of compensation and benefits programs for employees and employers
- Tax structuring of carried interest and management plans
- Tax-effective remuneration for inpatriates
- Assistance to minimize / identify risks in the context of secondment contracts

Litigation

On a proactive way, we may help you to get legal certainty on the tax treatment of Luxembourg structure before the set-up by way of the advance tax clearance system.

However, the complexity of the tax legislation and the current pressure on governments to prevent base erosion and profit shifting is likely to increase the number of tax audits and tax disputes.

PwC Legal may assist and represent you for tax audits and litigation relating to tax matters before the tax administration as well as before Administrative and Civil Courts as applicable.

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