FOREWORD

A country’s tax regime is always a key factor for any business considering moving into new markets. What is the corporate tax rate? Are there any incentives for overseas businesses? Are there double tax treaties in place? How will foreign source income be taxed?

Since 1994, the PKF network of independent member firms, administered by PKF International Limited, has produced the PKF Worldwide Tax Guide (WWTG) to provide international businesses with the answers to these key tax questions.

As you will appreciate, the production of the WWTG is a huge team effort and we would like to thank all tax experts within PKF member firms who gave up their time to contribute the vital information on their country’s taxes that forms the heart of this publication.

The PKF Worldwide Tax Guide 2016/17 (WWTG) is an annual publication that provides an overview of the taxation and business regulation regimes of the world’s most significant trading countries. In compiling this publication, member firms of the PKF network have based their summaries on information current on 30 April 2016, while also noting imminent changes where necessary.

On a country-by-country basis, each summary such as this one, addresses the major taxes applicable to business; how taxable income is determined; sundry other related taxation and business issues; and the country’s personal tax regime. The final section of each country summary sets out the Double Tax Treaty and Non-Treaty rates of tax withholding relating to the payment of dividends, interest, royalties and other related payments.

While the WWTG should not to be regarded as offering a complete explanation of the taxation issues in each country, we hope readers will use the publication as their first point of reference and then use the services of their local PKF member firm to provide specific information and advice.

Services provided by member firms include:

- Assurance & Advisory;
- Financial Planning / Wealth Management;
- Corporate Finance;
- Management Consultancy;
- IT Consultancy;
- Insolvency - Corporate and Personal;
- Taxation;
- Forensic Accounting; and,
- Hotel Consultancy.

In addition to the printed version of the WWTG, individual country taxation guides such as this are available in PDF format which can be downloaded from the PKF website at www.pkf.com
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<tr>
<th>City</th>
<th>Name</th>
<th>Contact information</th>
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<tbody>
<tr>
<td>Luxembourg</td>
<td>Paul Leyder</td>
<td>+352 45 80 78 117</td>
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<tr>
<td></td>
<td></td>
<td><a href="mailto:pleyder@pkf-hrt.lu">pleyder@pkf-hrt.lu</a></td>
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</table>

BASIC FACTS

- Full name: Grand Duchy of Luxembourg
- Capital: Luxembourg
- Main languages: French, German, Luxembourgish
- Population: 562,958 (1 January 2015, STATEC)
- Major religion: Christianity
- Monetary unit: Euro (EUR)
- Internet domain: .lu
- Int. dialling code: +352

KEY TAX POINTS

- Luxembourg resident companies are subject to tax on their worldwide income. Non-resident companies are taxable in Luxembourg only on certain Luxembourg-sourced income.
- Corporate income tax is levied at a rate of 21% calculated on the taxable income (20% if the taxable income is less than EUR 15,000). The corporate tax rate is increased by a surcharge for the employment fund and municipal business tax, which is payable at rates that vary depending on the municipalities.
- VAT is applied on the supply of goods and services within Luxembourg and on the supply to non-VAT registered persons or entities within the EU.
- Capital gains are in principle regarded as ordinary business income and are taxed at the normal income tax rates. Exemptions and roll-over relief apply in some cases.
- Net wealth tax is charged on companies' business assets, after deductions.
- In certain cases, foreign income tax may be credited against domestic income tax up to the amount of the domestic tax.
- Profits and losses of Luxembourg group companies may be pooled (tax integration) under certain conditions.
- Transactions by a company with shareholders and related parties must be at arm's length.
- In general, withholding tax is levied on dividends paid by resident companies. Dividends paid to companies covered by the EC Parent-Subsidiary Directive are exempt. Withholding tax is charged under certain conditions on interest paid to individuals but not to companies. No withholding tax is charged on royalties.
- Resident individuals pay tax on their worldwide income. Non-resident individuals are only taxable on specific Luxembourg-sourced income.
- Inheritance tax and gift tax rates vary according to the degree of relationship and the value inherited/received.

A. TAXES PAYABLE

COMPANY TAX

Luxembourg resident companies are subject to income tax on their worldwide income. Relief from taxation might be available for certain type of income either based on Luxembourg internal tax law (see below: taxation of capital gains and dividends) or based on double tax treaties concluded by Luxembourg. A company is considered resident in Luxembourg if it has its corporate address or its central administration in Luxembourg. Non-resident companies are taxable in Luxembourg only on certain Luxembourg-sourced income. Income tax is composed of corporate income tax and municipal business tax. Corporate income tax is levied at a rate of 21% calculated on the taxable income (20% if the taxable income is less than EUR 15,000). Corporate income tax is increased by a contribution of
7% to the employment fund. Thus, the aggregate corporate income tax rate amounts to 22.47% (21.4% if the taxable income is less than EUR 15,000).

Municipal business tax is levied at a rate varying between 6.75% and 12% depending on the municipality where the company has established its business. For companies established in Luxembourg City, municipal business tax is levied at 6.75% of their taxable income. Companies established in Luxembourg City are thus taxed at a combined income tax rate of 29.22%. Before 2016, the companies resident in Luxembourg were subject to a minimum corporate income tax. The minimum corporate income tax ceases to have effect for tax year after the tax year 2015.

As of tax year 2016, the minimum corporate income tax is replaced by a minimum net wealth tax. The minimum net wealth tax is determined based on rules that are similar to those applicable to the determination of the minimum corporate income tax. The minimum net wealth tax due by a resident company amounts to EUR 3,210 if its financial fixed assets, receivables owned on related companies and on companies in which it has a participating interest, securities and cash all together exceed 90% of the total balance sheet and EUR 350,000. In all other cases, the minimum net wealth tax varies between EUR 535 and EUR 32,100 depending on the total balance sheet (see detail below)

<table>
<thead>
<tr>
<th>Balance sheet total as at fiscal year end</th>
<th>Total minimum net wealth tax (EUR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does not exceed EUR 350,000</td>
<td>535</td>
</tr>
<tr>
<td>Exceeds EUR 350,000 without exceeding EUR 2,000,000</td>
<td>1,605</td>
</tr>
<tr>
<td>Exceeds EUR 2,000,000 without exceeding EUR 10,000,000</td>
<td>5,350</td>
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<tr>
<td>Exceeds EUR 10,000,000 without exceeding EUR 15,000,000</td>
<td>10,700</td>
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<td>Exceeds EUR 15,000,000 without exceeding EUR 20,000,000</td>
<td>16,050</td>
</tr>
<tr>
<td>Exceeds EUR 20,000,000 without exceeding EUR 30,000,000</td>
<td>21,400</td>
</tr>
<tr>
<td>Exceeds EUR 30,000,000</td>
<td>32,100</td>
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</tbody>
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The minimum net wealth tax is in addition reduced by the corporate income tax due for the previous tax year after deduction of tax credits available. The minimum net wealth tax may, however not be reduced below the net wealth tax that would be due by applying the standard net wealth tax rate to the company’s taxable net wealth. The minimum net wealth tax is also applicable to securitization companies, venture capital investment firms and pension funds.

The former minimum net wealth tax amounts (i.e., EUR 62.50 for joint companies and partnership limited by shares and EUR 25 for private limited company) are abolished from January 2016. As from 1st January 2016, the net wealth tax rate is reduced to 0.05% for the portion of taxable net wealth that exceeds EUR 500 million. For the portion of taxable net wealth up to 500 million, net wealth tax will continue to be calculated at the rate of 0.5%.

**CAPITAL GAINS TAX**

Capital gains are in principle regarded as ordinary business income and are taxed at the normal income tax rates. Exemptions and roll-over relief apply in some cases.

**BRANCH PROFITS TAX**

No special tax is levied on branch profits. Luxembourg branches of non-resident companies are subject to corporate income and municipal business tax at the same rates as Luxembourg resident companies.

Luxembourg branches of non-resident companies are only taxed on the income attributable to the Luxembourg branch. Relief from taxation might be available for certain type of income based on Luxembourg internal tax law (see below: taxation of capital gains and dividends).
SPECIAL REGIMES AND MEASURES

• **Family Wealth Management Company (Société De Gestion De Patrimoine Familial)**
  A family wealth management company (société de gestion de patrimoine familial or ‘SPF’) is exempt from corporate income tax, municipal business tax and net wealth tax, but is subject to an annual subscription tax of 0.25% calculated based on its share capital and share premiums. The activities of the SPF are limited to holding and managing certain financial assets. The SPF may not carry out any trade or business. Finally, the shares of the SPF may, with certain limited exceptions, only be owned by individuals.

• **Holding Companies**
  Holding companies (société de participations financières or abbreviated Soparfi) are fully taxable Luxembourg resident companies that take advantage of the provisions of the participation exemption (see below: taxation of capital gains and dividends).

• **Investment Funds**
  Investment funds include the common investment fund (FCP), the Investment Company with variable capital (SICAV) and the Investment Company with fixed capital (SICAF). Investment funds may be used both for undertakings for collective investments in transferable securities (UCITS) or alternative investments funds (AIF). Investment funds are subject to the approval and supervision of the financial sector supervising authority, i.e. the “Commission de Surveillance du Secteur Financier” (CSSF). Investment funds are exempt from income tax and net wealth tax. Investment funds are, however, subject to:
  a) An annual subscription tax of 0.01% or 0.05% calculated on a quarterly basis on the value of shares held by institutional investors or private investors respectively;
  b) VAT on intra-community acquisition of goods (if exceeding EUR 10,000);
  c) VAT on purchased services not linked to the management of the fund.

  A decision rendered by the Court of Justice of the European Union (case C-275/11 – GfBK dated 7 March 2013) has confirmed the position traditionally adopted in Luxembourg, i.e. the VAT exemption is applicable to investment advisory services rendered by third parties to an investment management company relating to investments in transferable securities. Further to the implementation of the “AIFM” Directive in local law, the VAT exemption also applies:
  • To the management entities of Alternative Investment Funds (AIF); and,
  • To entities (i) established within the EU similar to entities benefiting from the VAT exemption regime in Luxembourg and (ii) under the supervision of an organism similar to the CSSF or to the “Commissariat aux Assurances”.

  Certain double tax treaties signed by Luxembourg apply to investment funds incorporated as a SICAV or SICAF. In general, an investment fund constituted as a FCP does not benefit from double tax treaties.

• **Specialized Investment Fund**
  Compared to the traditional investment funds, the Specialized Investment Fund (SIF or Fonds d’Investissement Spécialisé) has greater flexibility with regard to its investment policy and less regulatory constraints due to the fact that it is reserved for professional or well-informed investors. There are no initiator/promoter requirements. SIFs are also subject to the agreement and supervision of the CSSF. SIFs are exempt from income tax and net wealth tax. SIFs are, however, subject to:
  (i) An annual subscription tax of 0.01% calculated on a quarterly basis on the net asset value of the fund;
  (ii) VAT on intra-community acquisition of goods (if exceeding EUR 10,000);
  (iii) VAT on purchased services not linked to the management of the fund.

• **Securitization Vehicle**
  Securitization vehicle (organisme de titrisation) are used to convert assets, liabilities and risks into transferable securities. A securitization structure typically involves an originator, the vehicle and the investors. The originator transfers assets of any type to the vehicle. The vehicle issues securities and uses the funds collected to pay for the purchase of the assets. Two types of structures are available:
a) The securitization fund, which is subject to similar rules as investment funds, except that no subscription tax is levied;
b) The securitization company, which is a fully taxable entity that qualifies for the application of tax treaties and EU directives.

Only securitization vehicles issuing securities to the public on a continuous basis have to be authorized and are supervised by the CSSF to carry out their activities. For securitization companies, any commitments to investors or creditors, such as for the payment of dividends or interest, qualify as a tax deductible expense. This leads, in most cases, to full tax neutrality. Since 2016, securitization companies are subject to the minimum net wealth tax.

Distributions of proceeds by a securitization vehicle to its investors qualify as interest payment for Luxembourg income purpose no matter whether the securities owned by the investors qualify as equity or debt and consequently are not subject to withholding tax. Securitization vehicles are subject to VAT:
(i) On intra-community acquisition of goods (if exceeding EUR 10,000);
(ii) On purchased services not linked to the management of the securitization vehicle.

• Venture Capital Company
A Venture capital company (société d'investissement à capital risque or ‘SICAR’) is a specific vehicle for collecting venture capital from professional or well-informed investors. A SICAR can be set up as a tax transparent limited partnership or as a non-transparent corporate entity. SICARs are approved and supervised by the CSSF. SICARs may invest in assets with high-risk/increased return perspectives.

They are subject to few restrictions but may have a flexible investment policy with no diversification rules or leverage restrictions. Umbrella SICARs are able to create multiple investment compartments with specific investment policies. SICARs set-up in the form of corporate entities are fully taxable entities and qualify for the application of tax treaties and EU Directives. SICARs are exempt from subscription tax and income tax on any income from securities (dividends, capital gains) and from cash held for future qualifying investments. As from 2016, SICARs are subject to the minimum net wealth tax. Non-resident beneficiaries are exempt from tax in Luxembourg on income derived from these companies. SICARs are subject to VAT:
(i) On intra-community acquisition of goods (if exceeding EUR 10,000);
(ii) On purchased services not linked to the management of the SICAR.

• Special limited partnership (société en commandite spéciale or abbreviated SCSp)
The law transposing the AIFM Directive into domestic law, has introduced the special limited partnership (société en commandite spéciale or ‘SCSp’) as a new legal entity into Luxembourg company law. The SCSp is designed to take over the simplicity of the Anglo-Saxon limited partnership, namely: flexibility, confidentiality, limited investor liability and tax transparency. The SCSp is a limited partnership formed between a general partner (GP) who has unlimited liability, and one or more limited partners (LPs) whose liability is limited to the amount of their contribution to the partnership.

From a Luxembourg company law perspective the SCSp has no legal personality. The absence of legal personality means that the SCSp is not subject to the same Luxembourg company law requirements as other entities, with the result that it is not required to file financial statements with the company registry. In addition limited partnerships are not required to disclose investor identity or the investors’ contributions in the SCSp.

The SCSp is transparent for Luxembourg corporate income and net wealth taxes. As a consequence, the SCSp is, in principle, not subject to corporate income tax. Instead, the partners are subject to income tax on their share in the profits of the SCSp. Non-resident partners in an SCSp are, however, only taxable in Luxembourg on their share in the profits of the SCSp if the activity of the SCSp qualifies as a commercial activity within the meaning of the Luxembourg income tax law. If the activity of the SCSp qualifies as a commercial activity, the SCSp is in addition subject to Luxembourg trade tax.

The SCSp follows the standard VAT rules (please see below), unless the SCSp is incorporated as an investment fund, a SIF, a Securitization vehicle or a SICAR. In this latter case, the same
rules apply as above. The activity carried out by investments funds incorporated under the legal form of a Luxembourg SCSPs (or even a SCSSs) does not qualify as a commercial activity within the meaning of the Luxembourg income tax law, unless at least one of the limited partners is a corporate entity that owns an interest of at least 5% in the SCSp (or SCS).

- **Shipping Register**
  In addition to specific and general incentives, shipping companies are in principle, only subject to corporate income tax (22.47% if taxable income exceeds EUR 15,000) and enjoy simplified rules with respect to social security and wage tax.

**VALUE ADDED TAX (VAT)**

VAT applies to the supply of services and goods made by a taxable person in Luxembourg, intra community acquisitions of goods from another Member states realized by a taxable person or by a non-taxable legal entity and to importations of goods from outside the European Union no matter whether the importation is made by a taxable or non-taxable person. A taxable person is any person who carries out an independent economic activity on a regular basis, regardless of the aim, the results or the location of the activity.

A taxable person carrying out an economic activity in Luxembourg should register to Luxembourg VAT within 15 days from the beginning of its economic activity. There is no threshold for the VAT registration.

Similarly, non-taxable legal entities realizing intra-community acquisitions of goods (if exceeding EUR 10,000) are required to register for VAT. No VAT grouping is available under Luxembourg VAT law.

Taxable persons registered for VAT in Luxembourg are required to file each year an annual VAT return. In addition, they will be required to file monthly VAT returns if, during the previous tax year, the amount of the turnover and the amount of goods and services acquired for which they are liable to the payment of Luxembourg VAT under the reverse-charge mechanism exceed EUR 620,000. If, during the previous tax year, the amount of these transactions is comprised between EUR 112,000 and EUR 620,000, they will be required to file quarterly VAT returns. The standard VAT rate is 17%. The reduced rates are 3%, 8% and 14%. In principle, a taxable person may deduct 100% of input VAT paid or declared from the output VAT collected on its turnover. No deduction is, however, available if the goods and services purchased are used for the supply of services which are exempt from VAT and which do not give right to a deduction of input VAT. In this latter case input VAT may not be recovered at all.

The deductibility of input VAT has to be determined based on the “real use” method. This means that a VAT taxable person that carries out operations that give right to recover input VAT and operations that do not give right to recover input VAT, has to determine for each expense it incurs to which activity that expense relates. Thus, input VAT paid on expenses that are relating to the activity that gives right to recover input VAT can be recovered for the full amount. On the other hand, input VAT on those expenses that are relating to the activity that does not give right to recover input VAT cannot be recovered at all. Expenses that are not directly attributable to either activity should be apportioned between the different activities based on the most accurate allocation keys such as:

- Turnover subject to VAT versus turnover not subject to VAT;
- Surface used to generate turnover subject to VAT versus surface used to generate turnover not subject to VAT;

For those expenses, which cannot be apportioned between either activities, the general pro-rata method continues to be applicable. From 1st January 2011 onward, all VAT audits performed by the Luxembourg VAT authorities were supposed to be based on electronic documents available in an electronic audit file (“Fichier audit informatisé AED” or FAIA). The FAIA is based on the 2005 OECD SAF-T recommendation.

The FAIA is an electronic file that should contain all the information pertaining to economic activity of a taxable person. The FAIA aims at ensuring an easier, smoother and cheaper process for the audit of accounting information and documentation by Luxembourg VAT authorities. Upon request from the Luxembourg VAT authorities, any taxable person that has an electronic accounting system should be
able to provide the Luxembourg VAT authorities with the FAIA. Due to some enforcement constraints, the effective implementation of FAIA has been delayed in practice but might be enforced more widely in 2016. Taxable persons that are registered for VAT under a simplified regime, taxable persons having a turnover lower than EUR 112,000 and taxable persons carrying out a “reasonable” number of transactions (i.e. approx. 500 transactions per year) are not subject to FAIA.

Since 1st January 2015, Luxembourg introduced the Mini-One-stop-shop (MOSS) allowing any taxable person supplying telecommunication services, television and radio broadcasting services and electronic services to non-taxable persons located in EU Member States, to declare and to pay VAT in relation to these supplies via a web-portal in the Member State in which they are identified. This simplification measure is optional. The registration must be made by the taxable person itself but day-to-day management in relation to VAT MOSS may be delegated to a service provider.

VAT FREE ZONE

Luxembourg has a temporary VAT exemption regime providing for VAT neutral treatment of transactions concerning goods stored in specific locations.

TAX REPRESENTATIVE

Under certain circumstances, a tax representative can be appointed in Luxembourg by taxable persons established outside the EU.

OTHER TAXES

There is no stamp or registration duty on the transfer of shares or goodwill in Luxembourg. Other Luxembourg taxes include:

- Non-resident companies are subject to net wealth tax only on certain Luxembourg assets (branch located in Luxembourg; real estate located in Luxembourg).
- A subscription tax is payable by SPFs (0.25%) and investment funds (0.05% or 0.01%, see also above).
- Gift taxes are due on donations, inheritance taxes under certain circumstances upon successions.
- Registration duties are due on real estate transfers, the payment of share capital and under certain circumstances upon the transfer of receivables. On real estate transfers, registration duties range from 7% to 10% depending on the municipality where the real estate property is located.
- Contributions to the share capital of a company are subject to a lump sum registration duty of EUR 75.
- Real estate located in Luxembourg triggers land tax.

B. DETERMINATION OF TAXABLE INCOME

The taxable income of a company corresponds to the difference between the taxable income and allowable deductions. All business expenses are, in principle, deductible. Expenses linked to exempt income are deductible to the extent that they exceed exempt income.

DEPRECIATION

Methods available are the straight-line depreciation and the declining balance at rates reflecting useful life of the relevant asset. Land may not be depreciated. Buildings and intangible assets may only be depreciated by the straight-line method.

STOCK / INVENTORY

Inventory includes raw materials, work in progress, finished goods and real estate bought for resale.
Valuation is at the lower of production or purchase cost and market value. Accepted valuation methods include FIFO, LIFO and any other method if justified and applied consistently.

**CAPITAL GAINS AND LOSSES**

In principle, capital gains from the sale of business assets are taxed at the ordinary income tax rate. There is a roll-over-relief available for profits realized upon the sale of real estate or non-depreciable assets. Capital losses are tax deductible. Capital gains/losses generally correspond to the difference between the sales price reduced by ancillary costs relating to the sale and the book value of the asset being sold.

Capital gains from the sale of substantial shareholdings are tax exempt. Substantial shareholdings are shareholdings of at least 10% or of an acquisition cost of at least EUR 6,000,000, which are continuously held for 12 months. The exemption applies to shareholdings in subsidiaries that are within the scope of the EU Parent-Subsidiary directive (2011/96/E), or that are incorporated as fully taxable companies that are subject to an income tax which is comparable to Luxembourg corporate income tax (i.e. the income tax amounts at least to 10.5% and is calculated on a taxable base which is determined in a similar way as the income subject to Luxembourg corporate income tax).

Capital gains realized upon the disposal of shares of substantial shareholdings remain taxable for an amount corresponding to the sum of the expenses related to the shareholding and any write-down recorded on the shareholding that reduced the tax base of the company in the year of disposal or in the previous financial years. This rule is known as the “recapture rule”.

Until 1 July 2021, an 80% exemption applies to the capital gain realized upon the sale of certain qualifying intellectual property rights acquired before 1 July 2016 (please refer to section below for more details regarding the grandfathering period). A recapture mechanism provides that capital gains remain taxable up to the sum of the expenses which were deducted from the taxable income in prior years.

**INCOME FROM INTELLECTUAL PROPERTY**

Based on the existing Luxembourg intellectual property (IP) regime, a partial exemption (80%) applies on the net income (i.e. gross royalty income less economically relating expenses) derived from the qualifying IP rights. This partial exemption applies also to capital gains realized upon the disposal of qualifying IP. Qualifying IP rights are in addition exempt from Luxembourg net wealth tax. Qualifying IP rights include copyrights on software, patents, trademarks (including “service marks”), domain names, designs, and models. Literary or art copyrights, plans, formulas, trade secrets and similar rights are disallowed for the partial exemption.

The existing tax exemptions available for qualifying IP rights are abolished as from 1 July 2016 for Corporate Income Tax and Municipal Business Tax and as from 1 January 2017 for Net Wealth Tax. However, during a grandfathering period that will end on 30 June 2021, IP qualifying for the existing tax exemptions continues to benefit from the current tax exemptions if the IP has been acquired before 1 January 2016. Qualifying IP acquired after 31 December 2015 but before 1 July 2016 may also benefit from the current tax exemptions for IP, if the IP is acquired from an unrelated party or if the IP already qualified for the current Luxembourg tax exemptions for IP or for a similar foreign IP regime before its acquisition.

During the grandfathering period, the Luxembourg tax authorities will spontaneously inform relevant foreign tax authorities of the identity of any taxpayer benefiting from the current IP regime in connection with IP rights acquired or created after 6 February 2015. The spontaneous information exchange will be limited to countries with which Luxembourg has concluded double tax treaties.

**LIMITATION OF CORPORATE TAX DEDUCTIBILITY OF 'GOLDEN HANDSHAKES’**

Voluntary departure indemnities or dismissal indemnities above EUR 300,000 are not tax deductible for employers.
DIVIDENDS

In principle, dividends received constitute a fully taxable income. However, dividends from substantial shareholdings are tax exempt. Substantial shareholdings are direct shareholdings of at least 10% or of an acquisition cost of at least EUR 1,200,000, which are continuously held for at least 12 months (the 12 month holding period can also be met prospectively). The exemption applies to all subsidiaries that are within the scope of the EU Parent-Subsidiary Directive (2011/96/EU) or that are incorporated as a fully taxable company subject to an income tax comparable to Luxembourg corporate income tax (i.e. the income tax amounts at least to 10.5% and is calculated on a taxable base which is determined in a similar way as the income subject to Luxembourg corporate income tax).

As of 2016, Luxembourg will no longer exempt dividend distributions received by a Luxembourg company from shareholdings in EU companies qualifying for the EU Parent Subsidiary Directive if such distributions are treated as a tax deductible expense in the hands of the paying EU Company. Luxembourg will neither exempt dividend distributions received from EU companies qualifying for the parent subsidiary if the dividend is derived through a structure that is considered to be abusive within the meaning of the Council Directive 2015/121/EU.

Expenses, including interest expenses and write-downs, in direct economic relation with the shareholding out of which the exempt dividend is paid will be non-deductible for tax purposes up to the amount of exempt dividend derived during the same financial year. On the other hand, expenses exceeding the amount of the exempt dividend received from such shareholding during the same financial year remain deductible for tax purposes. Such excess may create tax losses that can be carried forward without any limit in time. Dividends from fully taxable companies in which the recipient does not have a substantial shareholding are 50% tax exempt.

INTEREST DEDUCTIONS

Interest on loans that finance investments intended to generate taxable income is deductible without any limitation, to the extent that the interest rate is at arm’s length. Interest associated with exempt income is deductible only to the extent that it exceeds such exempt income. Even though there are no formal thin-capitalisation rules provided for by the Luxembourg tax law, the Luxembourg tax authorities, in principle, require an 85-to-15 debt-to-equity ratio for the financing of shareholdings owned by Luxembourg companies. In the case this ratio would not be respected, the Luxembourg tax authorities could disallow interest paid on the portion of the debt exceeding the 85-to-15 ratio.

LOSSES

Losses may be carried forward indefinitely. No carry-back is allowed.

FOREIGN SOURCE INCOME

Foreign sourced income is generally taxable under domestic law, unless it is exempt from Luxembourg income tax based on a double tax treaty concluded by Luxembourg or based on internal Luxembourg tax law. Foreign sourced income that is typically exempt from Luxembourg income tax based on double tax treaties concluded by Luxembourg includes business profits attributable to permanent establishments located in a treaty country, as well as income derived from real estate properties located in a treaty country.

Foreign sourced income that is typically exempt based on Luxembourg tax law includes dividends and capital gains from substantial shareholdings, as well as royalty income from IP rights qualifying for the Luxembourg IP regime. Luxembourg has no CFC (‘controlled foreign company’) legislation.

TAX INCENTIVES

A tax credit is available for qualifying capital expenditures. The investment tax credit is calculated as follows:
(a) 12% of the difference between the value of total depreciable fixed tangible assets other than real estate and the average value of such assets during the last five years;
(b) 7% on investments up to EUR 150,000 in such assets during the tax year and 2% on investments exceeding EUR 150,000. For investments linked to environmental protection or adaptations enabling the hiring of disabled persons, the rates are 8% and 4% respectively.

Unused investment tax credits may be carried forward for 10 years. Other incentives are available for various investments, company creations, company reorganizations, research and development activities, creation and development of innovative industrial or service-providing businesses and investments in view of the protection of the environment. Incentives may be granted in various ways such as capital grants and subsidies, loans from the national investment bank, interest subsidies, promotional assistance, tax exemptions and state guarantees, as well as access to fully equipped land, at low cost, in certain business parks.

Incentives for film production are available by way of selected financial incentives granted through the Luxembourg film fund. The transferrable audio-visual certificates incentive is not available anymore. The investment in the development of new products, the launching of the production phase and the initial marketing thereof may benefit from the issuance of venture-capital certificates. Venture-capital certificates are issued to investors providing funds to companies realizing qualifying investments. Venture-capital certificates provide its holder with a tax credit of 30% of its nominal amount without exceeding 30% of the holder’s taxable profit. Venture capital certificates may be assigned once.

Hiring unemployed individuals was incentivized by way of a tax credit of 15% calculated on the monthly salary paid to qualifying hires over a period of 36 months after hiring. This incentive remains available until 31 December 2016. Incentives for vocational training consist of a tax credit of 10% or a subsidy of 14.5% of qualifying expenses such as planning, evaluation, travel, catering and registration fees. Other incentives include export financing (Ducroire).

### C. FOREIGN TAX RELIEF

Foreign income tax may be credited against domestic income tax up to the amount of the domestic income tax. If the foreign tax exceeds domestic income tax, the excess is generally deductible from taxable profits. No relief is available for the income tax paid by the distributing company on the profits distributed as a dividend to a Luxembourg company. In general, Luxembourg tax treaties provide for an exemption of the income derived from foreign permanent establishments or from foreign real estate.

### D. CORPORATE GROUPS

Luxembourg resident affiliates can combine their respective tax results. A tax consolidation group may be formed under certain conditions by a Luxembourg company or a Luxembourg permanent establishment of a non-resident company with its direct or indirect Luxembourg subsidiaries. As from the fiscal year 2015, a tax consolidation group may now also be formed between the Luxembourg subsidiaries and permanent establishment(s) of a fully taxable resident or non-resident parent company, without including the parent company into the tax consolidation. As a result, sister companies which are owned by the same direct or indirect parent company can form a tax consolidation in Luxembourg. The tax consolidation remains subject to various conditions. These conditions did not materially change compared to the conditions under which the previous tax consolidation regime was available.

In the case of a tax consolidation, each tax payer is subject individually to the net wealth tax. However, the cumulated minimum net wealth tax due by the companies that are part of the tax consolidated is capped at EUR 32,100.

### E. RELATED PARTY TRANSACTIONS

Transactions by a company with its shareholders and related parties have to be at arm’s length. If transactions between related parties are not at arm’s length, they may give rise to hidden profit distributions. Luxembourg tax law defines the arm’s principle in the same way as article 9 of the
OECD Model Tax Convention. The arm’s length principle is, in principle, required to be met for all intra-group transaction, whether the related parties are resident abroad or resident in Luxembourg. Luxembourg tax law also extends the general documentation and substantiation requirements to the documentation and substantiation of intra-group transaction. Luxembourg tax law does, however, not contain specific transfer pricing documentation requirements.

It also continues to be possible to obtain confirmation from the Luxembourg tax authorities on the arm’s length character of intra-group transaction. However, in order to obtain a binding clearance from the Luxembourg tax authorities it is required that the company requesting the clearance meets certain organizational and economic substance requirements.

F. THIN CAPITALISATION RULES

Luxembourg tax law does not contain any specific thin-capitalisation rules, except for SPFs. In principle, a company’s debt financing is not limited to a percentage of its paid-in capital. In practice, however, the tax authorities may challenge debt/equity ratios exceeding 85/15 for companies engaged in holding activities.

G. CHAMBER OF COMMERCE FEE

Membership of the Chamber of Commerce is mandatory for all Luxembourg commercial companies and branches. The fee is based on taxable profits (before losses carried forward) and ranges from 0.025% to 0.20%. The minimum annual contribution amounts to EUR 70 (partnerships and limited companies) and EUR 140 for any other corporations (due even by companies in a loss position). Holding companies listed as such must pay a lump-sum contribution of EUR 350.

H. WITHHOLDING TAX

DIVIDENDS

Dividends paid by special purpose vehicles such as SPFs, investment funds and SICARs are not subject to withholding tax. Dividends paid by fully taxable companies are subject to a 15% withholding tax. The withholding tax on dividends may be reduced by applicable tax treaties. Dividends paid to companies (or its Luxembourg permanent establishments), which:

(i) Are within the scope of the EU Parent-Subsidiary directive; or, which are;
(ii) Fully taxable at an income tax comparable to Luxembourg corporate income tax and resident in treaty countries or member countries of the Espace Economique Européen (EEE);

are exempt from withholding tax if at the date when the dividends are put at its disposal, the beneficiary holds or commits itself to hold a direct shareholding representing at least 10% of the share capital of the distributing company or an acquisition price of at least EUR 1.2 million for a period of at least 12 months.

As of 2016, the withholding tax exemption may be denied in the case of a Luxembourg company distributing dividends to a qualifying company resident in another Member State, if the dividend distribution is paid within the context of a structure that is considered to be abusive within the meaning of the Council Directive 2015/121/EU.

An indirect shareholding through a Luxembourg or foreign partnership comparable to a Luxembourg partnership is deemed to be held directly.

INTEREST

Interest payments are, in principle, exempt from withholding tax. Further to the EU Savings Directive (2003/48/EC) interest paid to individuals resident in the EU has however been subject to a 35% withholding tax until 2015, unless the recipient agreed to an exchange of information. Since 1st January 2016, the withholding tax on interest payments to individuals is replaced by an automatic exchange of information. Interest paid by Luxembourg paying agents to individuals resident in
Luxembourg is subject to a 10% final withholding tax.

ROYALTIES

In general, Luxembourg does not levy withholding tax on royalties, except on income from the copyright of literary or artistic work.

I. MISCELLANEOUS

AUTOMATIC EXCHANGE OF INFORMATION ON INTEREST PAYMENTS

Luxembourg applies the automatic exchange of information with respect to interest payments made by a Luxembourg paying agent to individuals or residual entities within the meaning of the EU Savings Directive that are resident in another EU member state or in an associated territory. The automatic exchange of information covers interest payments made on or after 1st January 2015. The first exchange of information will take place in 2016 before 30 June.

Luxembourg also adhered to the Foreign Account Tax Compliance Act (“FATCA”). As a consequence thereof, the Luxembourg tax authorities automatically exchange information with the I.R.S on financial assets owned by US citizens or US tax residents with Luxembourg financial institutions. The information being exchanged is collected by the Luxembourg tax authorities from Luxembourg financial institutions.

ADVANCE TAX CLEARANCE

Under specific circumstances, it is possible to obtain a confirmation from the Luxembourg Tax Authorities for the interpretation of specific provisions of the Luxembourg tax law. With effect as of 1st January 2015, the advance tax clearance or tax ruling practice is formalized in Luxembourg tax law. In order to be valid, the advance tax clearance request must contain certain minimum information. Advance tax clearances are available for both companies and individuals. An advance tax clearance will be valid for a maximum period of 5 years.

Advance tax clearances requested for company will be reviewed and commented by an advance tax clearance commission. As of 1st January 2015, the request of an advance tax clearance may also trigger a fee that is payable to the Luxembourg Tax Administration. Such fee ranges between EUR 3,000 and EUR 10,000 depending on the volume and the technical complexity of each request. An anonymous executive summary of the advance tax clearance may be published in the annual report of the Direct tax authorities. Subject to certain conditions, companies carrying out an intra-group financing activity may continue to obtain Advance Pricing Agreements confirming the spread to be realized on the considered financing activity. The advance pricing agreements follow the same rules as the advance tax clearance. Going forward, Luxembourg tax authorities may exchange information on cross-border advance tax clearances and advance pricing agreements with foreign tax authorities.

ISLAMIC FINANCE

A circular issued by the Luxembourg tax authorities provides guidance with regard to the tax treatment of certain Islamic finance instruments. A circular has also been issued by the Luxembourg VAT Administration. Special Purpose Vehicles incorporated in the framework of “murabah” and “ijara” contracts qualify as taxable persons for VAT purposes.

ABUSE OF LAW

Under the abuse of law doctrine, the tax authorities may challenge fictitious or abnormal transactions and schemes that are entered into for the sole purpose of avoiding taxes.
J. PERSONAL TAX

Individuals resident in Luxembourg pay income tax on their worldwide income. Individuals are considered to be resident in Luxembourg if they have their domicile or their habitual abode in Luxembourg. Based on Luxembourg internal law the latter is the case if the individual has been present in Luxembourg for more than six months. In the case a double tax treaty applies, residence is determined with reference to the rules provided for by the relevant double tax treaty. Non-resident individuals are only taxable on certain specific Luxembourg-sourced income.

The tax base consists of assessable income less certain special allowable deductions. Assessable income includes: business income, income from agriculture and forestry, income from self-employment, employment income, pensions and annuities, income from investments and savings, rental income and other income, including capital gains. Since 2010, highly qualified workers which are hired on the international labour market may, during a five year period, benefit from certain tax exempt compensations. Interest earned by resident taxpayers on certain savings is subject to a 10% final withholding tax. Capital gains are taxable as other income if they derive:

- From any assets held less than six months prior to disposal;
- From the sale of shareholdings in Luxembourg companies exceeding 10%;
- From the sale of real estate located in Luxembourg, except if the real estate constitutes the taxpayer's main residence.

The law transposing the AIFM Directive into domestic law has also formalized the rules applicable to the taxation of income from carried interest realized by certain employees of an alternative investment fund (AIF) or of its management company. Income from carried interest realized by certain employees of an AIF or of its management company is taxed as “Other income” at 25% of the global tax rate applicable to that individual’s taxable income (i.e. at maximum at 10.9%). To benefit from this tax regime, the individual may not have been a Luxembourg tax resident or subject to income tax in Luxembourg on its professional income during a five years period preceding the implementation of these provisions.

Income tax due on employment income is withheld at source. Similarly income tax is withheld at source on dividends paid by Luxembourg companies. The final amount of income tax due for a particular tax year is to be paid after the notification of a tax assessment by the tax authorities. Income tax due for a particular year is fixed by taking into account tax credits for foreign income taxes, income tax withheld at source in Luxembourg and advance tax instalments paid for the relevant year. Advance tax instalments are paid on a quarterly basis and are fixed based on the balance remaining due according to the latest income tax assessment.

Income tax is calculated based on progressive income tax rates. The rates indicated below exclude a 7% contribution to the employment fund. The contribution is increased to 9% in the case the taxable income is exceeding EUR 150,000 for tax payers taxed at the tax classes 1 and 1a) or exceeding EUR 300,000 for tax payers taxed at the tax class 2.

<table>
<thead>
<tr>
<th>Taxable Income (EUR)</th>
<th>Marginal Rate (Class 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>0 - 11,265</td>
<td>0%</td>
</tr>
<tr>
<td>11,265 - 13,173</td>
<td>8%</td>
</tr>
<tr>
<td>13,173 - 41,793</td>
<td>Marginal increase of 2% per slice of EUR 1,908</td>
</tr>
<tr>
<td>41,793 - 100,000</td>
<td>39%</td>
</tr>
<tr>
<td>Above 100,000</td>
<td>40%</td>
</tr>
</tbody>
</table>

On extraordinary income, income tax is calculated at preferential tax rates. Extraordinary income includes, for instance, income from the sale of businesses, capital gains on substantial shareholdings sold after more than six months of purchase, one off payment of (supplementary) pension benefits (entered into by employee). Capital gains on substantial shareholdings sold after more than 6 months after their purchase are taxed at half the global income tax rate. The global income tax rate corresponds to the effective income tax rate arising on a tax payer’s total taxable income and does
thus not exceed 21.8% (including the contribution to the employment fund).

The minimum tax rate for non-residents is 8.56% (including contribution to the employment fund) except for capital gains on real estate, where the rate for resident persons is applicable. In view of taxation, individual resident tax payers are allocated to 2 different tax classes. The allocation to the relevant class depends upon marital status.

<table>
<thead>
<tr>
<th>Marital Status</th>
<th>Age Below 64 on 1 Jan</th>
<th>Age Above 64 on 1 Jan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single**</td>
<td>1 or 1a</td>
<td>1a</td>
</tr>
<tr>
<td>Married*</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Separated**</td>
<td>1 or 1a</td>
<td>1a</td>
</tr>
<tr>
<td>Divorced**</td>
<td>1 or 1a</td>
<td>1a</td>
</tr>
<tr>
<td>Widow**</td>
<td>1 or 1a</td>
<td>1a</td>
</tr>
</tbody>
</table>

* Class 2 continues to apply for the year when the marital status has changed and for the three following years (119.3.c).
** 1 applies without children, 1a with children

For class 1, the general tax rates apply. For class 2, the total income of both spouses is split into 2 halves and each half is taxed at the income tax rates applicable to class 1. For class 1a lower rates apply with a maximum advantage of EUR 1,467.

Non-resident tax payers may benefit from tax class 2 if they earn more than 50% of professional income in Luxembourg. Resident taxpayers married to non-residents may benefit from tax class 2 if the household earns at least 90% of its professional income in Luxembourg (income earned with EU institutions is not taken into account).

Non-resident individuals may, under certain conditions, elect to be treated as resident taxpayers. In that case, they are assessed by taking into account their worldwide income for income tax purposes. They would also be entitled to the deductions and allowances available to resident taxpayers.

**TAX CREDITS AND CHILD BONUSES**

Tax credits available to individuals amount to:
- EUR 300 per year for self-employed persons, employees or pensioners.
- EUR 750 for single tax payers who are taxed in class 1a.

There is a monthly child bonus of EUR 76.88 per child under the age of 18 or above such age (max 27 years) in case of students. Contributions for social security coverage are indicated in the table below (valid as at 1st January 2016).
Notes:
A minimum monthly wage applies in Luxembourg. It amounts to EUR 1,922.96 (EUR 2,307.56 for qualified workers). Wages are linked to inflation index. The current inflation index has been fixed in October 2013 (index = 775.17). The new index will apply when inflation exceed 2.5%. Contributions are levied on the actual professional income which cannot be lower than the minimum wage. No contributions are levied on the portion of the professional income which is exceeding five times the minimum wage. This ceiling does not apply for Old Age care. Old Age care is levied on all assessable income. For salaries a monthly deduction of EUR 480.74 applies.

K. INHERITANCE TAX

Inheritance tax is due in Luxembourg if the deceased has been resident in Luxembourg. Inheritance tax is due on all net assets allocated to the heirs, except on real estate property located abroad and in certain cases on movable assets located abroad, no matter where the heirs are resident. Inheritance tax rates vary depending on the degree of relationship existing between the deceased and the heirs:

<table>
<thead>
<tr>
<th>Transfer</th>
<th>Nominal Rate in the Limit of Compulsory Portion</th>
</tr>
</thead>
<tbody>
<tr>
<td>In direct line between descendants and ancestors</td>
<td>Exempt</td>
</tr>
<tr>
<td>Between sisters and brothers</td>
<td>Exempt / 5%</td>
</tr>
<tr>
<td>Between uncles or aunts and nephews or nieces</td>
<td>6%</td>
</tr>
<tr>
<td>between adopter and the adoptee</td>
<td>9%</td>
</tr>
<tr>
<td>Between granduncles or grandaunts and grandnephews or grandnieces</td>
<td>10%</td>
</tr>
<tr>
<td>or grandnieces, between the adopter and the descendants of the adoptee</td>
<td></td>
</tr>
<tr>
<td>Between other relatives and non-related persons</td>
<td>15%</td>
</tr>
</tbody>
</table>

In principle, inheritance tax rates are increased depending on the value allocated to the heirs. The increase of the inheritance tax rates varies between 10% (i.e. for a taxable value received by an heir amounting between EUR 10,000 and EUR 20,000) and 220% (for a taxable value allocated to an heir exceeding EUR 1,750,000).

L. GIFT TAX

Gift tax may be levied on gifts made during an individual’s lifetime. Gift tax is due if the gift is made through notarial deed in front on a Luxembourg notary or, if the gift is made in front of a foreign notary, where the transfer takes place in Luxembourg. The gift tax rates range from 1.8% to 14.4% depending on the degree of relationship between the donor and the done. For gift tax purposes, the fiscal residence of the done and the donor are irrelevant.

M. TREATY AND NON-TREATY WITHHOLDING TAX RATES

The below table reflects the lower of the tax treaty rate and the rate under Luxembourg domestic income tax law. Dividend distributions to companies resident in treaty countries are in principle covered by the Luxembourg participation exemption regime (specific conditions to be met, also see under section F).

<table>
<thead>
<tr>
<th></th>
<th>Dividends¹ (%)</th>
<th>Interest² (%)</th>
<th>Royalties³ (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-treaty countries:</td>
<td>15</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Treaty countries:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Armenia</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Austria</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Country</td>
<td>Dividends¹ (%)</td>
<td>Interest² (%)</td>
<td>Royalties³ (%)</td>
</tr>
<tr>
<td>------------------------</td>
<td>----------------</td>
<td>---------------</td>
<td>----------------</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>10/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bahrain</td>
<td>10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Barbados</td>
<td>15/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Belgium</td>
<td>15/10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Brazil</td>
<td>15/15/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Bulgaria</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Canada</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>China</td>
<td>10/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Croatia</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Czech Republic</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Denmark</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Estonia</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Finland</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>France</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Georgia</td>
<td>10/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Germany</td>
<td>15/10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Greece</td>
<td>7.5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Guernsey</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Hungary</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Iceland</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>India</td>
<td>10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Indonesia</td>
<td>15/10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Ireland</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Isle of Man</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Israel</td>
<td>15/10/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Italy</td>
<td>15/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Japan</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Jersey</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Kazakhstan</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Korea (South)</td>
<td>15/10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Laos</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Latvia</td>
<td>10/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Liechtenstein</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Lithuania</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Macedonia</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Malaysia</td>
<td>10/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Malta</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mauritius</td>
<td>10/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mexico</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Moldova</td>
<td>10/5</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Monaco</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Morocco</td>
<td>15/10/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Netherlands</td>
<td>15/2.5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Norway</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Panama</td>
<td>15/5/0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Dividends¹ (%) | Interest² (%) | Royalties³ (%)
--- | --- | ---
Poland | 15/5/0 | 0 | 0
Portugal | 15/0 | 0 | 0
Qatar | 10/5/0 | 0 | 0
Romania | 15/5/0 | 0 | 0
Russian Federation | 15/10/0 | 0 | 0
Saudi Arabia | 15/5/0 | 0 | 0
San Marino | 15/0 | 0 | 0
Seychelles | 10/0 | 0 | 0
Singapore | 10/5/0 | 0 | 0
Slovak Republic | 15/5/0 | 0 | 0
Slovenia | 15/5/0 | 0 | 0
South Africa | 15/5/0 | 0 | 0
Spain | 15/0 | 0 | 0
Sri Lanka | 10/7.5/0 | 0 | 0
Sweden | 15/0 | 0 | 0
Switzerland | 15/5/0 | 0 | 0
Taiwan | 15/10/0 | 0 | 0
Tajikistan | 15/0 | 0 | 0
Thailand | 15/5/0 | 0 | 0
Trinidad and Tobago | 10/5/0 | 0 | 0
Tunisia | 10/0 | 0 | 0
Turkey | 15/5/0 | 0 | 0
United Arab Emirates | 10/5/0 | 0 | 0
United Kingdom | 15/5/0 | 0 | 0
United States⁴ | 15/5/0 | 0 | 0
Uzbekistan | 15/5/0 | 0 | 0
Vietnam | 15/10/5/0 | 0 | 0

NOTES:
1. For dividends, the lower rate is applicable under specific conditions and generally if the recipient holds at least 25% or 10% of the share capital of the distributing company. EU Directive 2011/96/EU provides for the exemption of dividends to qualifying shareholders.
2. Luxembourg does, in principle, not levy withholding tax on interest.
3. Luxembourg abolished withholding tax on royalties from 1 January 2004 (except on income from the copyright of literary or artistic work).
4. The "limitations of benefits clause" in the US treaty (1996) is in many aspects more favourable than in other new US treaties.

Treaties signed with Albania, Andorra, Argentina, Botswana, Brunei, Cyprus, Czech Republic (new treaty), Estonia (new treaty), Hungary (new treaty), Kirghizstan, Kuwait, Oman, Serbia, Tunisia, Ukraine and Uruguay have not yet been ratified. The withholding tax in these treaties and amendments are not reflected in the table above. Treaty negotiations are in progress with Egypt, Lebanon, New Zealand, Pakistan, Senegal, Syria and United-Kingdom (amendments to existing treaties).