

## **COMPANY FOR FINANCIAL PARTICIPATIONS (SOCIETE DE PARTICIPATIONS FINANCIERES – SOPARFI)**

The SOPARFI is the most common vehicle for holding and financing activities in the Grand Duchy of Luxembourg. It may also carry out other activities, provided that they are foreseen in the Articles of Association and the relevant official permits (such as a [business permit](#)), if required, are available.

This model can be used by companies as well as private individuals.

In principle, the SOPARFI is not subject to any supervisory authority and does not require any special authorisation, unless it is listed on the stock exchange or carries out a [commercial activity](#).

Depending on the needs of the individual, it can take the form of a public limited company ([Société anonyme](#)), a limited liability company ([Société à responsabilité limitée](#)) or a simple limited partnership ([Société en commandite simple](#)). Accordingly, the minimum capital also depends on the legal form chosen in each case.

### **TAXES, FEES AND CHARGES**

- Corporate income tax ([Impôt sur le revenu des collectivités](#)): Progressive tax rate between 16.05% and 18.19% (including contribution to employment fund)
- Communal business tax ([Impôt commercial communal](#)): Between 6.75% and 9.00%, depending on the municipality of the company's registered office, exemption amount of EUR 17,500.00
- Net wealth tax ([Impôt sur la fortune](#)): 0.05% of the adjusted net assets as of 1 January of a company; exceptions apply, for example, to large shareholdings or ownership abroad; minimum tax EUR 535.00 or EUR 4,815.00 depending on balance sheet total
- Participation activities are generally tax-exempt (e.g. dividend and sale proceeds from qualifying participations)
- Dividend payments are subject to a withholding tax ([Retenue à la source](#)) of 15% unless an exemption or reduced rate applies under the EU Directive or double taxation treaty
- No withholding tax ([Retenue à la source](#)) on
  - Liquidation proceeds
  - Interest payments (taking into account/with the exception of the EU Savings Directive)
- Tax losses generated before 31 December 2016 can be carried forward without limitation. Tax loss carry forwards generated after 1 January 2017 can be claimed for 17 years each.
- Option of consolidation for tax purposes
- Chambre de Commerce – contribution of at least EUR 350.00 per year

## LEGAL BASIS

- Art. 166 of the amended law of 4 December 1967 on income tax (*Art. 166 de la loi modifiée du 4 décembre 1967 relative aux impôts sur le revenu – L.I.R.*)
- Grand-Ducal Regulation of 21 December 2001 implementing article 166, paragraph 9, number 1 of the amended law of 4 December 1967 concerning income tax (*Règlement grand-ducal du 21 décembre 2001 portant exécution de l'article 166, alinéa 9, numéro 1 de la loi modifiée du 4 décembre 1967 concernant l'impôt sur le revenu*)