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ISSUANCE OF THE 2020 BUDGET DRAFT LAW

EXPIRATION OF THE TAX RULINGS GRANTED PRIOR TO 2015



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The Luxembourg 2020 budget draft law has just been issued and submitted by the Luxembourg Minister of Finance to the Luxembourg Parliament on October 14th, 2019.

The new legislation will notably include a major tax measure: the period of validity of the advanced tax rulings (“**ATA**”) granted prior to January 1st, 2015 (i.e., under the previous ATA procedure) will be limited up to the end of the 2019 exercise.

This important measure aims at reinforcing Luxembourg’s commitment for clarity in its tax regime and ensuring the legal consistency between the previous ATA procedure and the new ATA procedure that has been introduced in the frame of the law of December 19th, 2014 to formalize the practice.

In this context, **the period of validity** of the ATA granted under the previous ATA procedure will be limited to a maximum period of 5 years (i.e., in line with the current tax procedure). The concerned ATA will be applicable for the last time with respect to the tax returns for the financial year 2019.

As a consequence and considering that it will no longer be possible to lean on the ATAs granted prior to January 1st, 2015, tax payers willing to secure the tax treatment of their structures and transactions will have to file a new ATA under the current procedure.

Considering this important evolution – that should allow a better and fairer application of the ruling process – this would also represent an appropriate timing to perform a global tax assessment of your structure also in the context of the Anti-Tax Avoidance Directive rules (the so-called ATAD I & II) and BEPS evolution.

Our tax team is at your disposal should you have any questions relating thereto or should you need assistance to assess impacts on your business.