

Flash News

Tax amnesty announced in Luxembourg

During the presentation of the state budget for the next year on 14th October 2015, Luxembourg's Minister of Finance, Pierre Gramegna, announced the introduction of a tax amnesty which shall temporarily take place for a period of three years.

The plan is to introduce a new provision, whereby Luxembourg resident taxpayers will have the opportunity to rectify their taxable income or taxable assets which have not been declared to the tax authorities in previous years – whether voluntarily or erroneously – without suffering the prescribed penalties (fines or even imprisonment) for tax fraud or tax evasion (§§396 and 402 AO).

Taxpayers wishing to regularize their situation only need to file corrected tax returns, including the income and assets which have been missing in the initial return and will have to pay the additional tax. In order to benefit from the special conditions, such returns have to be filed voluntarily and the underlying income and wealth must not have been detected or disclosed yet nor be part of administrative or legal proceedings.

A penalty will be levied along with the additional tax payable on income and net wealth. If the voluntary disclosure takes place in the course of 2016, the penalty shall amount to 10% of the additional tax. For disclosures made in 2017, the penalty will increase to 20% of the additional tax payable. No information has been provided in the available documents in respect of disclosures made after 31.12.2017.

As per the announcement, the tax amnesty shall cover direct taxes, inheritance tax and registration duties.

In order to implement the announced tax amnesty, the Luxembourg parliament will have to vote the underlying draft bill. This is expected to take place in the course of November 2015.

B.A. Tax has accompanied a series of clients in their voluntary disclosure process in the past two years. Please feel free to contact us in case you should be interested to make use of the new rules and to benefit from our experiences in this respect.

Please contact our team for further information

Partner	Michael Probst	Tel: 268 663 318
Directors	Alexia Christodoulou	Tel: 268 663 321
	Matthias Gutknecht	Tel: 268 663 330
Managers	Christel Begué	Tel: 268 663 325
	Olivier Reding	Tel: 268 663 317