



● LUXEMBOURG, THE SOLUTION:  
FOUR BUSINESS CASES TAILORED TO YOUR NEEDS



## ○ A HIGHLY STRATEGIC POSITION WITHIN THE EUROPEAN MARKET

- IN THE HEART OF EUROPE

Area: 2,586 sq km

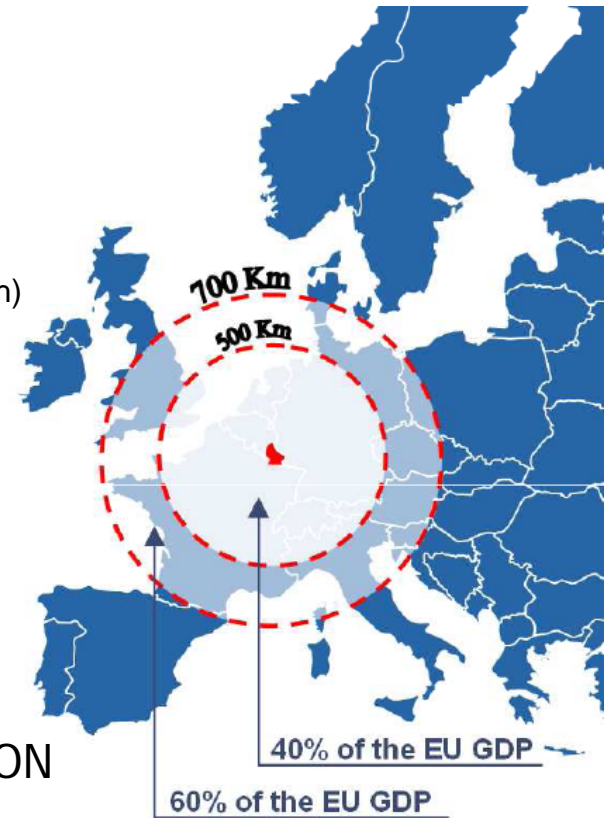
Population: 500,000 of which 42 % are foreigners

Languages: (Luxembourgish, German, French, English)

Currency: Euro

Political System: Constitutional Monarchy  
Parliamentary Democracy

- COMMERCIAL NEUTRALITY
- FOUNDING MEMBER OF THE EUROPEAN UNION
- REACH 60% OF THE EU GDP IN LESS THAN A DAY



# A STABLE AND FAVOURABLE BUSINESS ENVIRONMENT

## ○ A STABLE SOCIO-POLITICAL ENVIRONMENT

- SOUND MACROECONOMIC FUNDAMENTALS
- ACCESSIBILITY AND BUSINESS MINDED GOVERNMENT
- STRONG NATIONAL COHESION

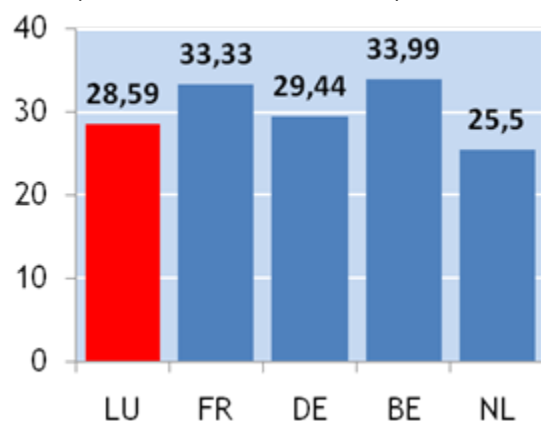
## ○ A FAVOURABLE LEGAL AND REGULATORY FRAMEWORK

- HIGH RESPONSIVENESS TO RELEVANT EU LEGISLATION
- PRO-BUSINESS LEGAL AND REGULATORY FRAMEWORK
- TOWARDS A PAPERLESS ENVIRONMENT (e-GOVERNMENT)

# AN ATTRACTIVE FISCAL ENVIRONMENT

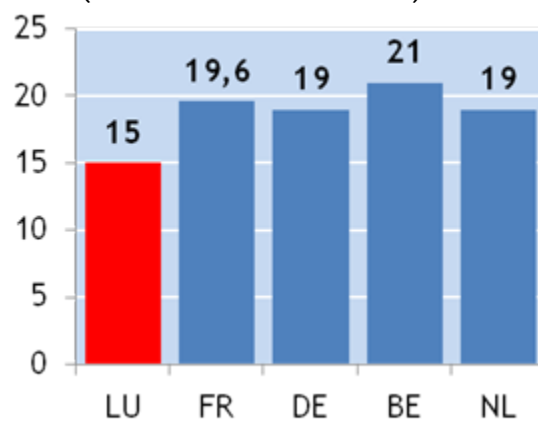
## ○ TAX POLICY: „ REDUCE THE OVERALL TAX BURDEN „

Corporate income tax  
(nominal rate in % for 2009)



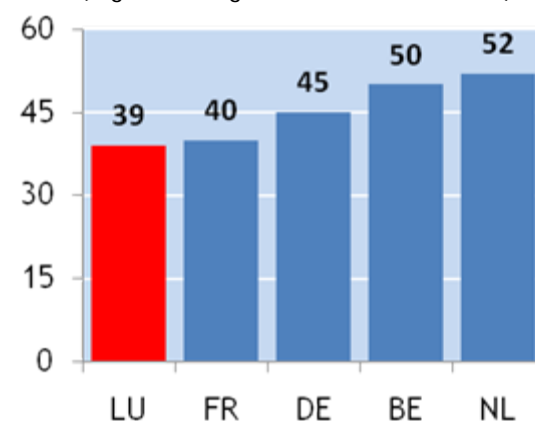
Source: KPMG

Value added tax  
(standard rate in % for 2009)



Source: European Commission

Personal income tax  
(highest marginal rate in % for 2009)



Source: KPMG

➡ *“In the coming years, the corporate income tax rate will progressively decrease to reach 25,5% “*

# OPTIMISING LABOUR COSTS versus PRODUCTIVITY

## ○ LOWER TAXATION AND SOCIAL CHARGES

Example for a married person with two children earning 100,000 euros annually

	BE	FR	LU	UK	DE
Total costs for <b>EMPLOYERS</b>	132	149	111	112	111
Tax/social charges 	32	49	11	12	11
<b>Gross salary</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
Tax/social charges 	48	29	28	32	36
Net salary for <b>EMPLOYEES</b>	52	71	72	68	64
<b>Ratio Net/Cost (%)</b>	<b>39</b>	<b>48</b>	<b>64</b>	<b>60</b>	<b>59</b>

Source: PWC

## ○ A HIGHLY PRODUCTIVE WORKFORCE

Labour productivity per person employed, EU 27 = base 100



# A MOST ADVANCED ICT ENVIRONMENT

## EXCELLENT INTERNATIONAL AND NATIONAL

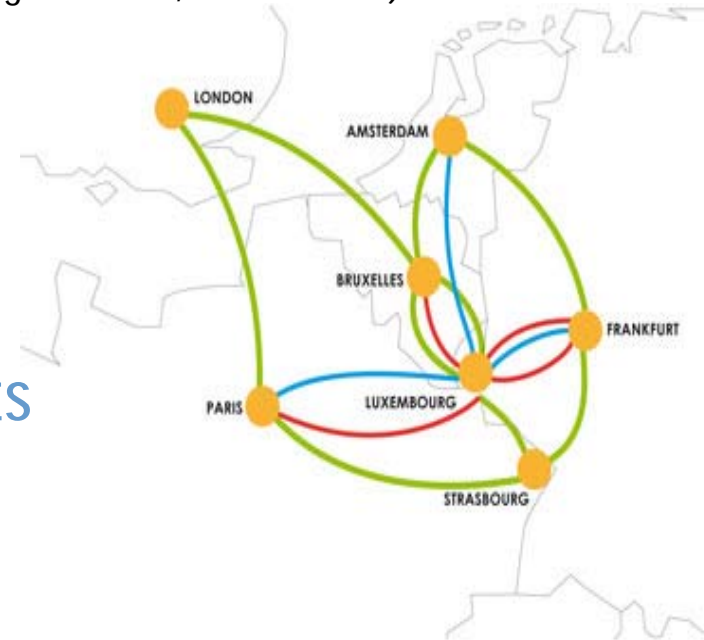
### ○ CONNECTIVITY

- REDUNDANT HIGH SPEED CONNECTIONS
  - Fiber optic networks to all major European POPs (e.g. Teralink, Luxconnect)
  - Satellite connectivity (SES)

- INTERNET EXCHANGE POINT  
(e.g. LIX, LU-CIX)

### ○ STATE OF THE ART INFRASTRUCTURES

- SECURE IT ENVIRONMENT  
(i.e. LUXTRUST)
- HIGH LEVEL DATA CENTRES





# A LEADING INTERNATIONAL FINANCIAL CENTRE

## ○ ... AT A GLANCE

- N° 1 INVESTMENT FUND CENTRE IN EUROPE  
(second worldwide behind the USA)
- N° 1 WEALTH MANAGEMENT CENTRE IN THE EUROZONE
- EUROPE'S LEADING DOMICILE FOR CAPTIVE REINSURANCE
- N° 1 FOR LISTING INTERNATIONAL BONDS IN EUROPE

↳ LUX GDRs INDIA (as of October 1st, 2009)

# MUCH MORE THAN JUST A FINANCIAL CENTRE

## ○ A DIVERSIFIED AND DYNAMIC ECONOMY

- INDUSTRY
- MEDIA & E-COMMERCE
- LOGISTICS
- EUROPEAN INSTITUTIONS
- SERVICES
- FOOD PRODUCTS



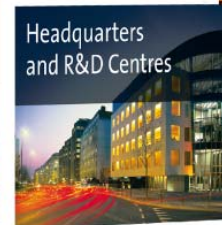
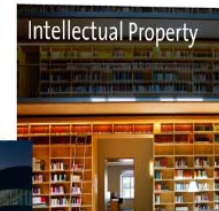


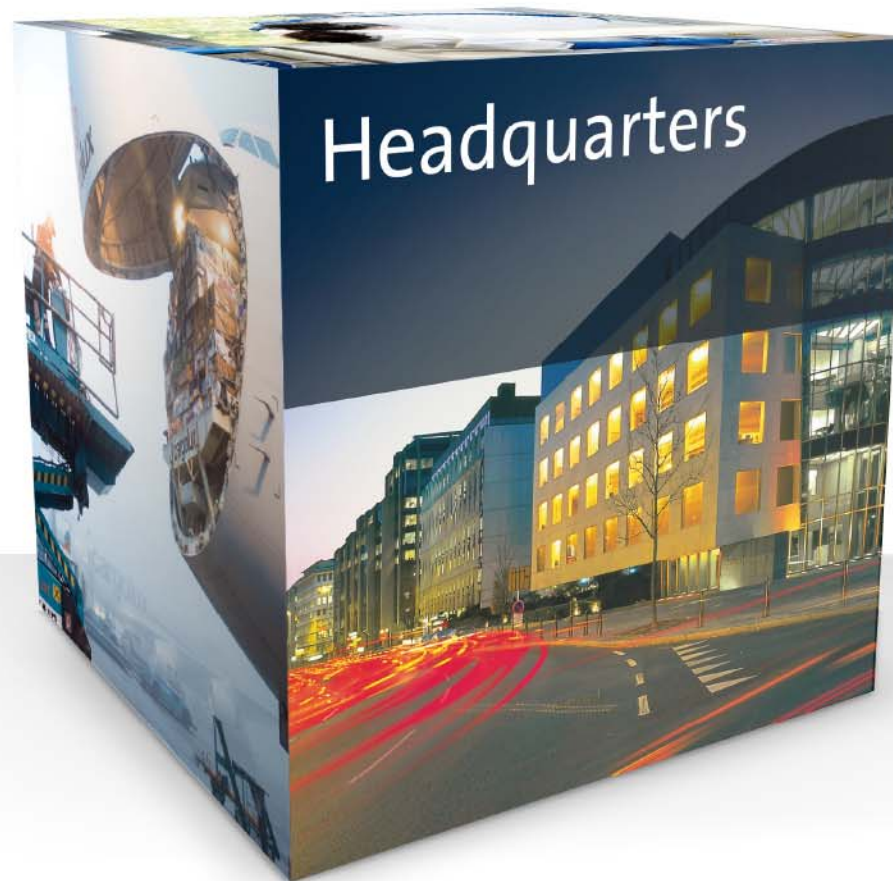
# FOUR BUSINESS CASES TAILORED TO YOUR NEEDS

## WHAT ARE THE OPPORTUNITIES OFFERED IN ○ LUXEMBOURG FOR EXPANDING YOUR BUSINESS ACTIVITIES IN EUROPE ?

1. SET UP A EUROPEAN OR WORLDWIDE HEADQUARTER
2. MANAGE YOUR INTELLECTUAL PROPERTY RIGHTS
3. ENHANCE YOUR RESEARCH & DEVELOPMENT ACTIVITIES
4. ORGANISE YOUR EUROPEAN LOGISTICS

# MULTI SPECIALISATION ECONOMIC DEVELOPMENT POLICY





# SET UP A EUROPEAN OR WORLDWIDE HEADQUARTER

## ○ WHY THINK ABOUT LUXEMBOURG FOR A HEADQUARTER ?

- COORDINATION/MONITORING/STRATEGY
- FINANCIAL PARTICIPATION MANAGEMENT
- ACCOUNTING/REPORTING/AUDIT/LEGAL
- SALES/MARKETING
- GROUP FINANCING/TREASURY MANAGEMENT
- PROCUREMENT CENTRE
- COMMUNICATION & IT SUPPORT
- SHARED SERVICES (e.g. logistics, R&D or IP)
- ...

# SET UP A EUROPEAN OR WORLDWIDE HEADQUARTER

## ○ INCORPORATING A COMPANY: EASY AND STRAIGHT FORWARD

- COMPLETED IN A COUPLE OF DAYS
- ACQUIRES LEGAL PERSONALITY IMMEDIATELY
- NO RESTRICTIONS RELATING TO THE NATIONALITY, RESIDENCE OR STATUS OF SHAREHOLDERS, DIRECTORS AND MANAGERS
- ARTICLES MAY BE DRAFTED IN ENGLISH (with a French/German translation)
- ANY CURRENCY MAY BE USED FOR ACCOUNTING/REPORTING
- EASY WORK PERMITS PROCEDURE FOR QUALIFIED PEOPLE

# SET UP A EUROPEAN OR WORLDWIDE HEADQUARTER

## ○ A REWARDING CORPORATE TAXATION

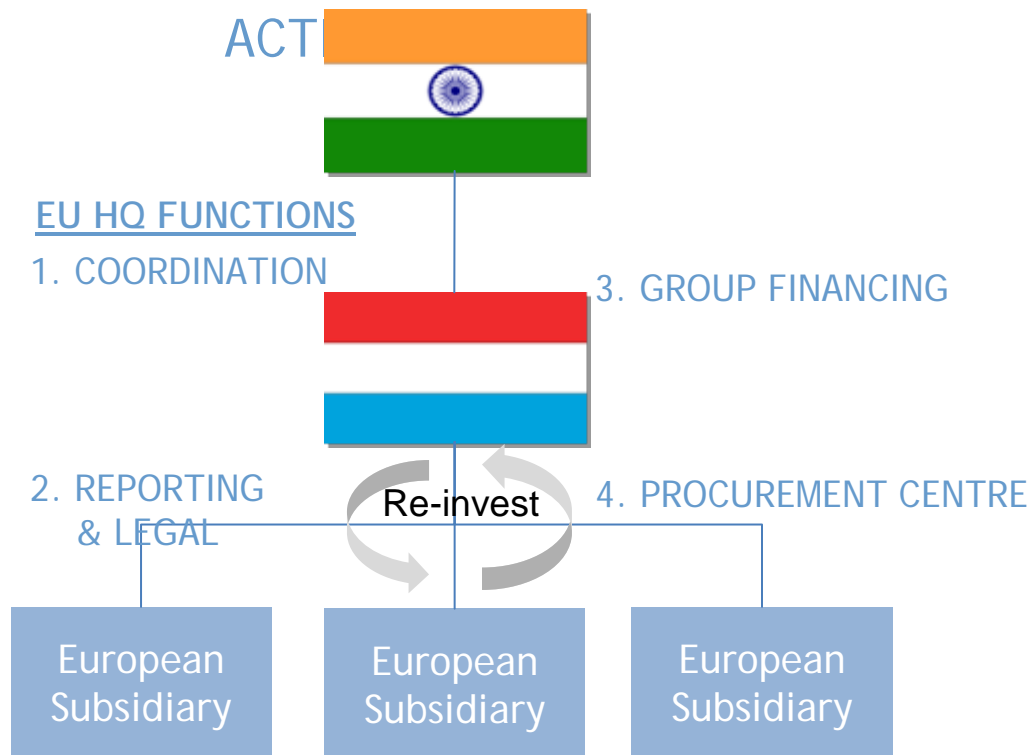
- AVAILABILITY OF SOPHISTICATED INVESTMENT VEHICLES (SOPARFI, SIF, SICAR,...)
- COMPREHENSIVE PARTICIPATION EXEMPTION REGIME
- INVESTMENT TAX CREDITS
- ADVANTAGEOUS IP BOX REGIME
- LOSSES MAY BE CARRIED-FORWARD
- TAX CONSOLIDATION IS POSSIBLE FOR ALL LUXEMBOURG COMPANIES
- ADVANCED CONFIRMATION PRACTICE
- EXTENDED NON DOUBLE TAXATION AGREEMENT NETWORK

↳ NDTA BETWEEN INDIA AND LUXEMBOURG (as of January 1st, 2010)



# SET UP A EUROPEAN OR WORLDWIDE HEADQUARTER

## ○ LUXEMBOURG: THE IDEAL PLATFORM FOR COORDINATING AND MANAGING YOUR EUROPEAN BUSINESS



### Benefits to be in Luxembourg

- Benefit of the participation exemption regime
- Application of more than 50 NDTAs
- Possibility of tax consolidation
- Flexible company law
- No administrative red tape
- Attractive taxation for employees
- Low social contributions for employers
- Easy access to decision takers
- Etc.



Re-invest the profits in further expansion in Europe



# SET UP A EUROPEAN OR WORLDWIDE HEADQUARTER

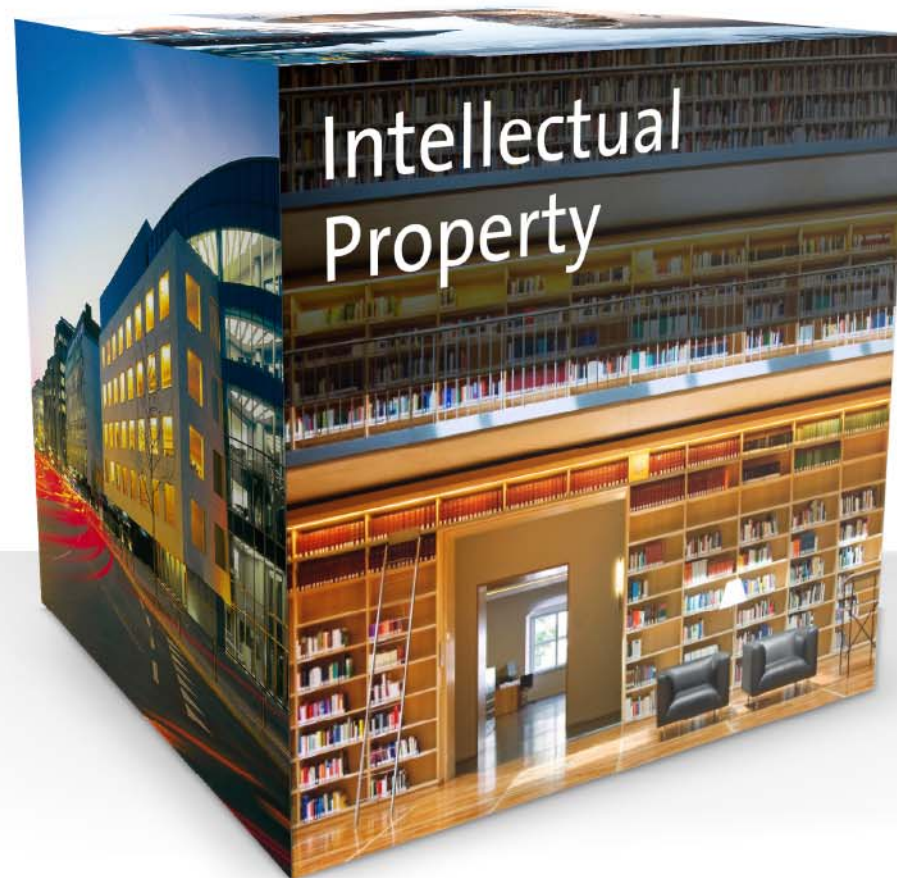
- VARIOUS GLOBAL PLAYERS HAVE ALREADY CHOSEN LUXEMBOURG FOR THEIR WORLWIDE OR EUROPEAN HEADQUARTER

## HOUSEHOLD NAMES



## NEW COMERS





# MANAGE YOUR INTELLECTUAL PROPERTY RIGHTS

## ○ A PIONEER IN IP

- ONE OF THE FIRST MEMBERS OF THE WORLD IP ORGANISATION
- MEMBER AND SIGNATORY TO MAJOR IP BODIES AND TREATIES

## ○ AN IP-CONSCIOUS GOVERNMENT

- A WELL DESIGNED LEGAL AND REGULATORY FRAMEWORK FOR IP RIGHTS
- ENCOURAGE AND SUPPORT IP ACTIVITIES MADE IN LUXEMBOURG

# MANAGE YOUR INTELLECTUAL PROPERTY RIGHTS

## ○ A REWARDING TAX REGIME FOR IP ACTIVITIES

- 0% WITHHOLDING TAX ON ROYALTY PAYMENTS

- NEW IP TAX LAW

Benefits    80 % tax exemption of net income derived from qualifying IP as well as capital gains realised on disposal of such IP

100% exemption for net wealth tax for qualifying IP

Qualifying IP            Patents, Software copyrights, Design or model, Domain names and Trademarks (including franchise system)

Conditions              Acquire or create the IP rights after 31 December 2007

Activate related expenses in the balance sheet

# MANAGE YOUR INTELLECTUAL PROPERTY RIGHTS

## ○ COMPARISONS OF OTHER NEW IP TAX REGIMES IN EUROPE

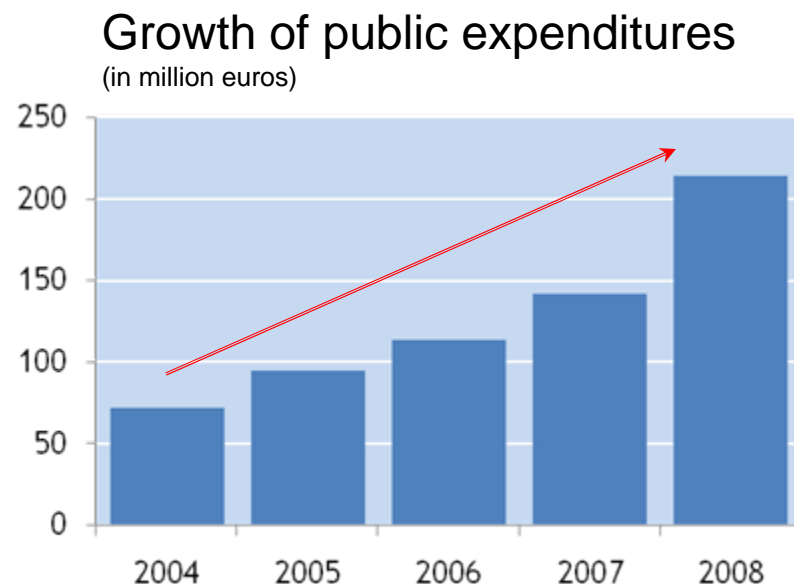
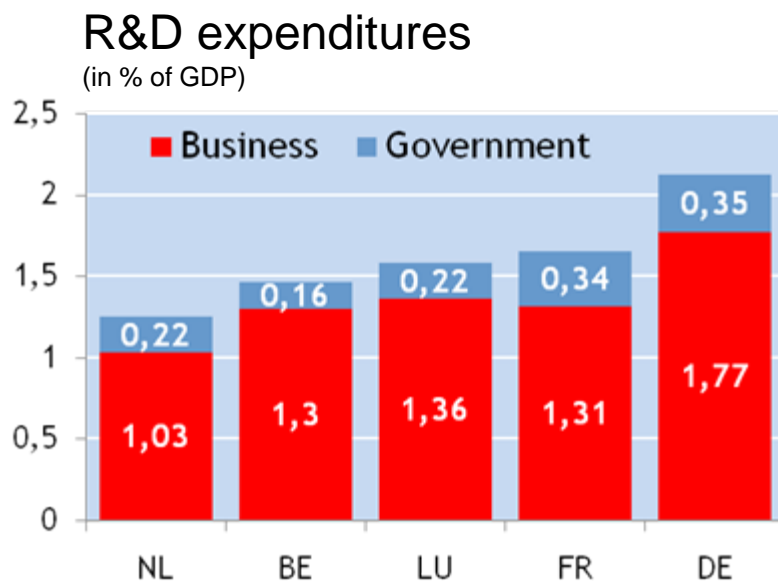
CRITERIA	BELGIUM	LUXEMBOURG	NETHERLANDS
BENEFITS	Deduction of 80 % of patent income	80 % exemption on qualifying IP income	Deduction of 60 % of IP income
QUALIFYING IP	Patents	Patents Software copyrights Trademarks Design and model Domain names	Patents
CAPITAL GAIN	Not covered	Covered	Covered
NET WEALTH TAX	No	No	No
CEILING FOR THE EXEMPTION	None (general arm's lenght rule)	None (general arm's lenght rule)	4 x IP production costs





# ENHANCE YOUR RESEARCH & DEVELOPMENT ACTIVITIES

## RESEARCH & DEVELOPMENT: A PRIORITY FOR THE GOVERNMENT



➡ The Government has foreseen a 5-year investment programme to develop cutting edge skills and expertise in molecular medicine

# ENHANCE YOUR RESEARCH & DEVELOPMENT ACTIVITIES

## ○ PUBLIC INFRASTRUCTURES

- UNIVERSITY OF LUXEMBOURG
- PUBLIC RESEARCH CENTRES  
(ICT, health & biotechnologies, material & nanotechnologies)
- INNOVATION TRANSFER AGENCY
- INTEGRATION OF LUXEMBOURG R&D INTO EU NETWORKS

## ○ PRIVATE R&D CENTRES

- AUTOMOTIVE
- MATERIALS
- INDUSTRIAL
- NEW TECHNOLOGIES



# ENHANCE YOUR RESEARCH & DEVELOPMENT ACTIVITIES

## ○ CUSTOM-MADE R&D INVESTMENT SUPPORT

- BUSINESS PARKS/INCUBATORS
- REWARDING TAX ENVIRONMENT

(e.g. Accelerated tax depreciation scheme with a rate up to 40 %)

- R&D and INNOVATION AID SCHEME

↳ *General aid scheme to support innovative companies by co-financing their R&D activities*

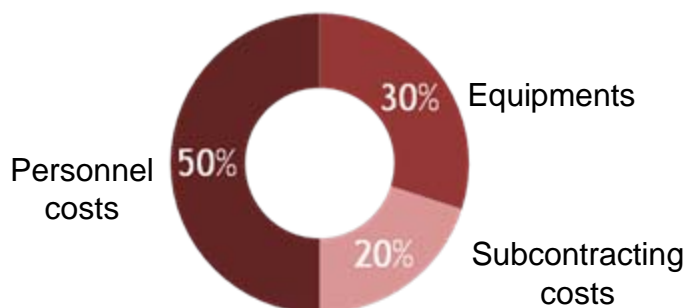
↳ *Special aid scheme for young innovative enterprises to support their financial needs*

- INNOVATION LOAN

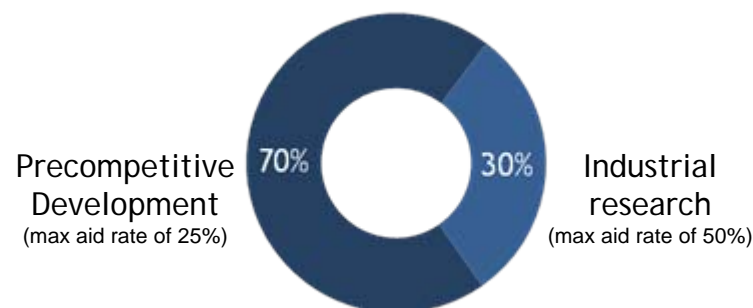
# ENHANCE YOUR RESEARCH & DEVELOPMENT ACTIVITIES

## ○ EXAMPLE OF GOVERNMENT CO-FINANCING IN A 5 MILLION EUROS R&D PROJECT FOR THE DEVELOPMENT OF A NEW PRODUCT

### ELIGIBLE R&D COSTS



### RESEARCH LEVEL



CO-FINANCING LEVEL  
FOR THIS PROJECT

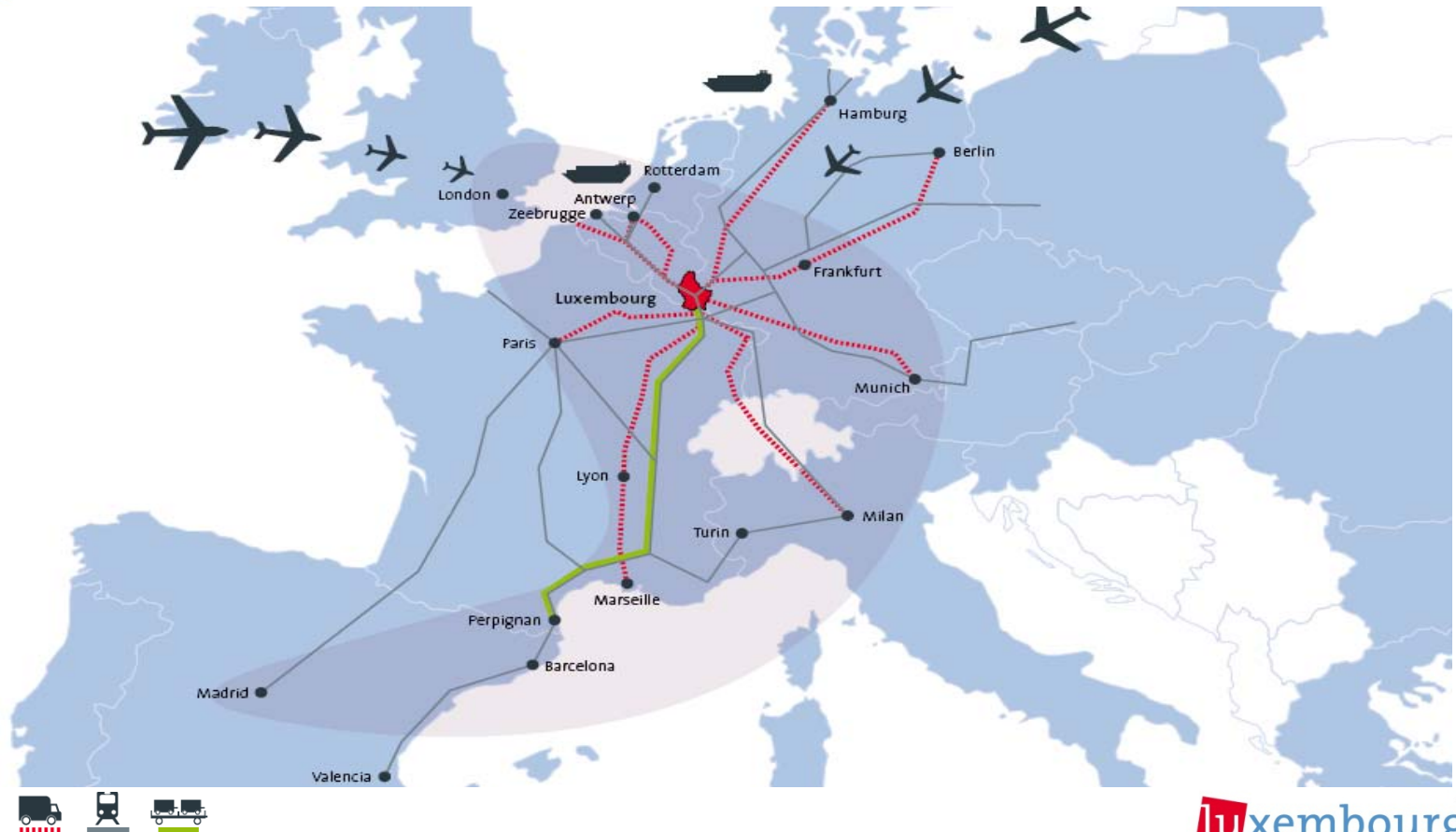
NON-REFUNDABLE CASH GRANT OF 33 % OF TOTAL ELIGIBLE R&D COSTS





# ORGANISE YOUR EUROPEAN LOGISTICS

## ○ IN THE HEART OF EUROPE





# ORGANISE YOUR EUROPEAN LOGISTICS

## ○ 5th LARGEST EUROPEAN FREIGHT AIRPORT

- SECURE, EFFICIENT AND SPEEDY GROUND HANDLING

- Handling capacity of 1,200,000 t annual freight
- Well-equipped for temperature sensitive goods (i.e. cool-chain guarantee, EU-certified veterinary station)
- Quick turnaround time
- Any European city can be reached in less than a day by road



- MAJOR HUB FOR HIGH-TECH, HIGH VALUE AND PERISHABLE PRODUCTS



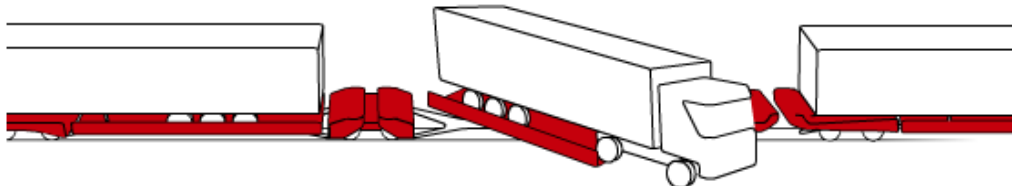
# ORGANISE YOUR EUROPEAN LOGISTICS

## ○ HINTERLAND PORT OF THE NORTH SEA

- DAILY RAILWAY CONNECTIONS TO THE PORTS OF THE NORTH SEA  
(i.e. Antwerp, Rotterdam, Hambourg)
- CONTAINER HANDLING AND STORAGE FACILITY

## ○ INNOVATIVE MULTIMODAL SOLUTIONS (RAIL/ROAD)

- PIGGYBACK CONNECTION BETWEEN LUXEMBOURG  
AND SOUTH OF FRANCE  
(New routes through Europe are planned)



## ○ EASY AND FAST IMPORT/EXPORT PROCEDURES

- COOPERATIVE AND EFFICIENT CUSTOMS ADMINISTRATION
- TOWARDS A PAPERLESS ENVIRONMENT  
(e.g. e-customs, IATA e-freight)
- AUTHORIZED ECONOMIC OPERATOR / FISCAL REPRESENTATION
- RECOGNIZED CERTIFICATION AND HOMOLOGATION AGENCY (SNCH)  
(for automotive, electronics components and medical devices)

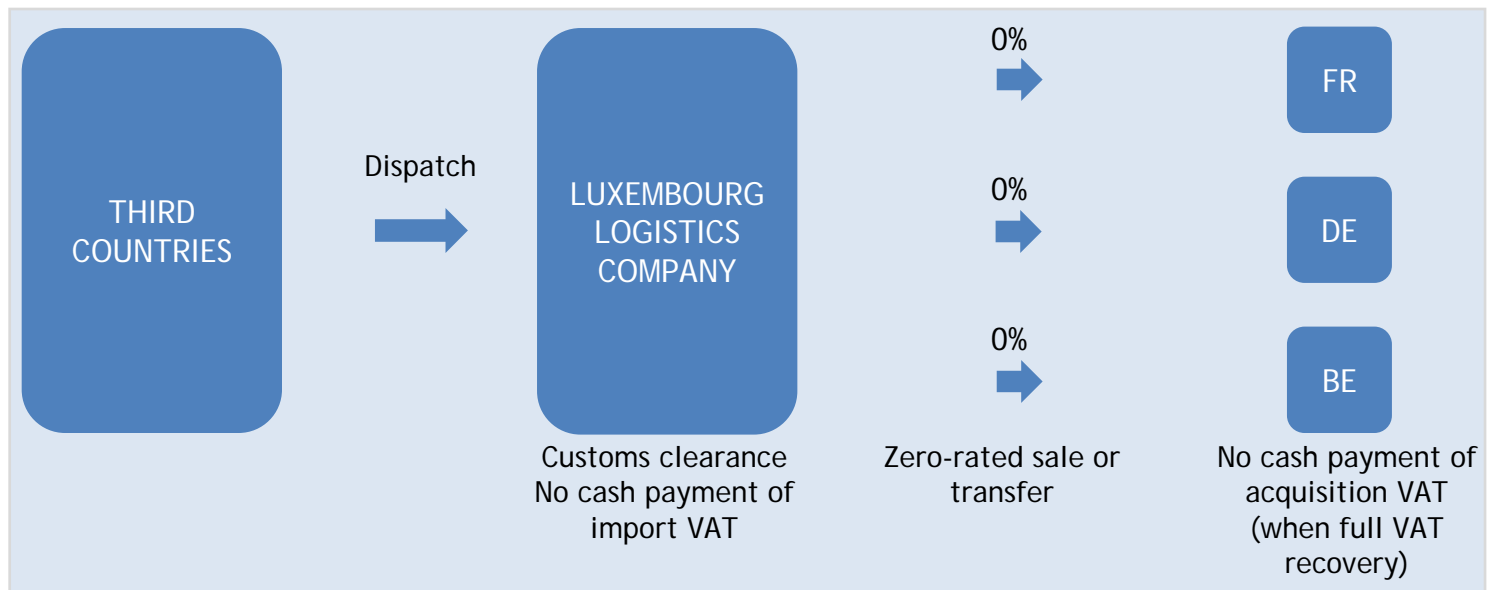
## ○ DEDICATED LOGISTICS PARKS

- EUROHUB CENTRE (dedicated to air-freight logistics)
- EUROHUB SOUTH (predominantly rail-freight logistics)

# ORGANISE YOUR EUROPEAN LOGISTICS

## ○ NO VAT PRE-FINANCING FOR THE IMPORT OF GOODS

A guaranteed and automatic mechanism



Source: PWC

- ➡ - Free up capital tied up in VAT pre-financing
- Reduce cost of capital needed for VAT pre-financing



# ORGANISE YOUR EUROPEAN LOGISTICS

## ○ QUALITY SERVICES OFFERED BY KEY PLAYERS

(illustrated below by some players)





◉ FOR MORE INFORMATION: [www.luxembourgforbusiness.lu](http://www.luxembourgforbusiness.lu)