

Millionaires' Paradise

Luxembourg residence as an estate planning strategy

Why Luxembourg?

- The World's Top Destination for Personal Safety and Security
- Integration Success Story: 40% Foreign Residents
- Tax Free Estate Planning towards Children and Spouses

As of 1.1.2006:

- "Liquidation du passé"
- Abolishment of the Net Worth Tax
- Full Banking Secrecy: No Reporting

« Liquidation du passé »

Article 9 Law 23 December 2005 in the Luxembourg Governments' words :

« Les informations concernant les revenus soumis à la retenue libératoire ne peuvent être échangées entre les bureaux d'imposition. Leur utilisation à des fins de poursuite pour fraude ou d'une imposition à charge d'exercices antérieurs au 1er janvier 2006 est également exclue. Ces restrictions ne valent cependant que pour des revenus d'intérêts provenant du patrimoine privé.»

Long Existing Principles of Luxembourg Income Taxation

Taxable only is income described in article 10 LIR

Non-taxable and non-reportable:

- gifts
- capital gains on SICAVs
- capital gains on other “minor” shareholdings (less than 10%)
- sale of the taxpayer’s private home
- capital payments of life insurance policies

Luxembourg Income Taxation 2006

Taxable interest

- 10% final withholding tax (down from progression up to 39%)
- no reporting & full banking secrecy

In the Luxembourg Governments' words at the Law of 23 December 2005 :

«tout échange d'information concernant les revenus soumis à la retenue, qu'ils l'aient subie ou non, est dorénavant interdit»

Inheritance tax?

0% in direct line and among spouses *with children*
(legacies within the normal Civil Code rules).

Gift tax?

0% for hand-to-hand gifts and indirect gifts

Other scenario's:

- *registered* donations to children: 1.8% - 2.4%
- *registered* donations among spouses and unmarried partners: 5%

Immigration

EU + Non-EU Citizens: residence permit for 5 years

Citizenship

Residency requirement: 5 years

Before you take your dog to Luxembourg, do give us a call!