

Luxembourg – Law regarding the reorganisation of the Chamber of Commerce: adopted!

Dated 22 October 2010

After a long process which started in October 2008, Luxembourg Parliament adopted the bill regarding the reorganisation of the Chamber of Commerce on 19 October 2010.

This law comes as the result of a number of cases brought before the Luxembourg Courts and challenging the legality of the Chamber of Commerce contribution.

The Chamber of Commerce contribution applies to the following persons and entities, who automatically become members of the Chamber of Commerce as soon as they register with the Luxembourg trade and companies register:

- Any person who carries out commercial, industrial or financial activities in Luxembourg;
- Any commercial companies that have their registered office (siegé statutaire) in Luxembourg;
- Any branches of a foreign company established in Luxembourg and which carry out commercial, industrial or financial activities in Luxembourg.

The new law provides the Chamber of Commerce with the legal basis to take the following measures, to be laid down in its internal rules:

- The Chamber of Commerce is entitled to set the annual contribution to a maximum amount corresponding to 0.4% of the taxpayer's taxable basis calculated for corporate income computed for the year "n-2".

Whereas the taxable basis must still be considered before carry forward losses and can still be computed on a tapered scale, it should be noted that the maximum percentage that can be applied to the taxable basis has been increased from 0.2 to 0.4%.

- If the taxable basis is negative, the minimum annual contribution could be up to:
 - EUR 100 for individuals;
 - EUR 200 for partnerships;
 - EUR 500 for entities subject to Corporate Income Tax.

compared to the minimum amounts currently applicable:

- EUR 14 for individuals;
- EUR 70 for partnerships and Sàrls;
- EUR 140 for SAs and SCAs.

- The companies whose object is mainly to hold financial participations and listed as such according to NACE codes (i.e. the European Union's code for statistical classifications of economic activities) may be subject to an annual flat contribution of maximum EUR 3,000 (although it is not expected that this flat fee should exceed EUR 400).

These measures give some flexibility to the Chamber of Commerce to the extent that the law determines maximum contribution amounts only. The major change is that companies whose object is mainly to hold financial participations may now be subject to an annual flat contribution. In this respect, the listing of the companies according to NACE codes will play an essential role.

Finally, in order to complete the legal process regarding the reorganisation of the Chamber of Commerce, a new grand-ducal regulation will also have to be adopted to determine the way in which contributions will be levied.

It is expected that both the measures to be laid down by the Chamber of Commerce in its internal rules and the grand-ducal regulation should be taken before year-end.

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