



Your essential guide to Luxembourg corporate tax

Navigating Luxembourg's corporate tax landscape can be challenging. With evolving rules, tight filing deadlines, and complex reporting requirements, it's easy to feel overwhelmed. This poster is designed as a practical companion, offering a clear overview of key concepts, filing obligations, and important exemptions to help you approach corporate tax with confidence.

Corporate Income Tax (CIT) and Municipal Business Tax (MBT)

Accounting result	
-	Exempt income
-	dividend received (art. 166 or 115 15a LITL)
-	capital gain (GD Decree 21/12/2001)
-	reversal of tax charges,
-	...
+	Non-deductible expenses
+	tax charges
+	penalties and administrative penalties
+	director's fee
+	expenses linked to tax exempt income,
+	...
-	Tax losses carried forward
= CIT taxable basis (rounded down to nearest EUR 50)	

2025 and 2026 CIT rate	16.00%
Reduced CIT rate	
if taxable basis ≤ EUR 175,000	14.00%
If taxable basis is between EUR 175,000 and EUR 200,000	EUR 24,500 plus 30% of the tax base above EUR 175,000
Solidarity surtax	7% on the CIT amount
MBT rate (*) (Luxembourg city)	6.75%

(*) Except for exceptional cases, the taxable basis to MBT corresponds to the CIT taxable basis less a rebate of EUR 17,500.

Net Wealth Tax (NWT)

+ Net assets (valued according to the valuation law)	
-	Exempt / excluded assets
-	qualifying subsidiaries
-	assets exempt through tax treaties
-	uncalled capital
-	formation expenses
-	...
+	Non-deductible liabilities
+	debts financing tax exempt assets
+	...
= Unitary value (rounded down to nearest EUR 1,000)	

NWT rate (as from 1st January 2025):

- Standard rate:** 0.5% on the first EUR 500 million of net wealth
- Reduced rate:** 0.05% on amounts exceeding EUR 500 million
- Minimum tax:**

Minimum tax in EUR	Total gross assets in EUR
535	Up to 350,000
1,605	From 350,001 to 1,999,999
4,815	As from 2,000,000

Automatically reduced by the amount of CIT (N-1)

- NWT reduction:** NWT can be reduced by creating a special reserve equal to 5x the tax payable, which must be maintained for 5 years

Anti-Tax Avoidance Directive (ATAD)

- 1. Interest deductibility limitation**
Net interest expenses are deductible up to 30% of EBITDA. Exceptions: EUR 3 million threshold, standalone entities, and infrastructure projects.
- 2. Controlled Foreign Company (CFC) rules**
Passive income of subsidiaries in low-tax jurisdictions (i.e. actual CIT paid is lower than 50% of the CIT charge that the company would have paid in Luxembourg) may be taxed at the Luxembourg parent company level.
- 3. General anti-abuse clause**
Artificial arrangements primarily designed to obtain a tax advantage may be disregarded by the tax authorities.

IP Box regime

- The Intellectual Property (IP) regime allows an 80% exemption on net income from certain IP assets:**
- Patents and supplementary protection certificates
 - Copyrighted software
 - Utility models
 - Patent extensions (e.g., clinical trial data)
- Effective tax rate: ~4.99% on eligible IP income**

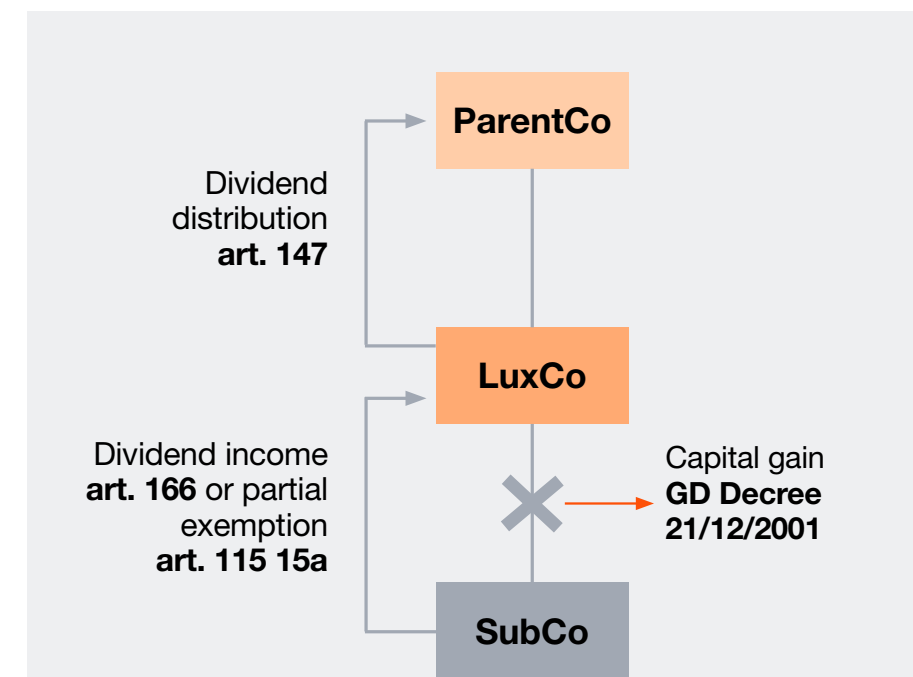
- Filing deadlines**
- CIT, MBT and NWT return**
31 December N+1
 - Subscription Tax (if applicable)**
Quarterly return: within 20 days following the quarter-end
 - Withholding Tax return**
Within 8 days following the distribution
 - Tax Functional Currency Request**
30 September (or 31 December for the incorporation year)

Luxembourg partnerships (SCS/SCSp)

- 1 Tax transparency (CIT & NWT)**
 - Article 175 LITL, SCS/SCSp are **tax transparent**
 - No **CIT** or **NWT** at entity level
 - Attention:** in certain **cross-border situations**, reverse hybrid rules may apply, potentially triggering **Luxembourg CIT at partnership level**
- 2 MBT**
MBT applies if the partnership:
 - carries out a **commercial activity** (alternative investment fund in the form of an SCS/SCSp are deemed not to have a commercial activity), or
 - has its unlimited partner (in the form of a corporation) holds (in)directly **≥ 5%** of the SCS/SCSp interest
- 3 Filing obligations**
 - Annual **partnership tax return** required including an appendix with the commercial income attributable to each partner
 - Applies **even if the partnership is not taxable** to CIT and NWT

Filing deadlines
31 December N+1

Participation exemption regime



	Dividend	Capital gain	Partial dividend exemption	WHT	NWT
The Parent company must be a fully taxable company. Yes or no?	n/a	n/a	n/a	Yes	n/a
The LuxCo must be a fully taxable company. Yes or no?	Yes	Yes	Yes	Yes	Yes
The subsidiary must be a fully taxable company. Yes or no?	Yes	Yes	Yes	n/a	Yes
Minimum shareholding	10% or EUR 1.2m	10% or EUR 6.0m	No	10% or EUR 1.2m	10% or EUR 1.2m
Minimum holding period	12 months	12 months	No	12 months	No

Anti-abuse rule: Participation exemption can be denied where arrangements are non-genuine (i.e. put in place primarily to obtain the exemption) or involve hybrid mismatches (i.e. income exempt at LuxCo level but deductible at the subsidiary level)



Pillar Two

Objective:

To ensure 15% minimum effective tax rate in every jurisdiction a group is located.

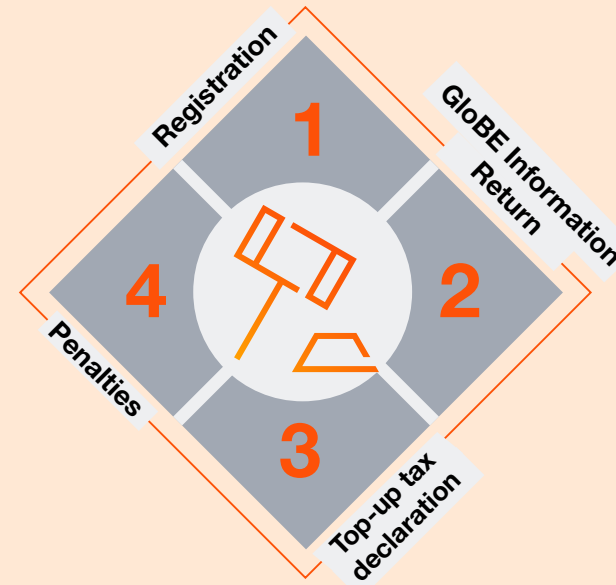
Scope:

Groups with annual consolidated revenue of at least EUR 750 million.

Principle:

Compute a jurisdictional effective tax rate and ensure that the effective tax rate is at least 15% per jurisdiction. If not, top-up tax could apply under different mechanisms.

Overview: Luxembourg compliance obligations



1 Registration

Registration of all Luxembourg constituent entities with a separate tax office (Bureau de Diekirch) by 30 June 2026 at the latest, for groups with a calendar year-end.

2 GloBE Information Return

Annual filing of a **GloBE Information Return**. Foreign filings may clear Luxembourg obligations (subject to automatic exchange of information). The first filing is due by 30 June 2026 at the latest (for groups with a calendar year-end).

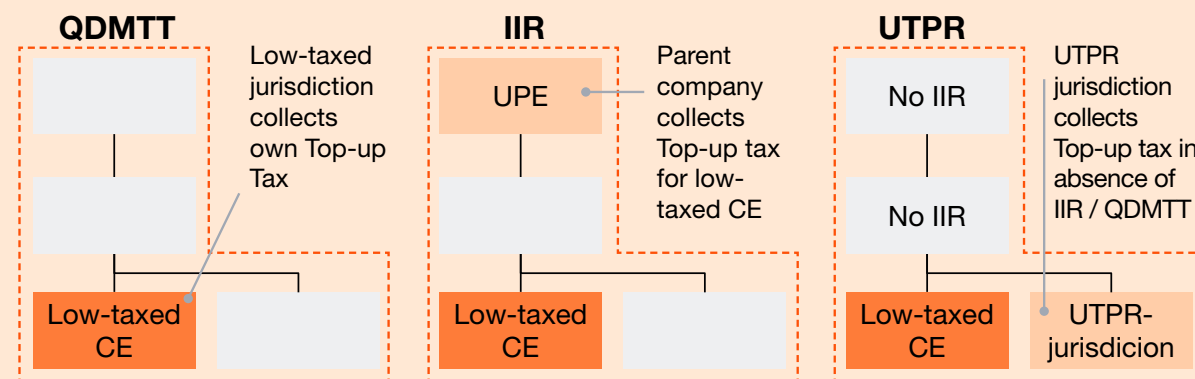
3 Top-up tax declaration

A **top-up tax declaration** to be filed in Luxembourg within the same deadline as the GIR (payment one month after GIR filing).

4 Penalties

- **EUR 5,000** for no or incorrect registration and notification;
- Up to **EUR 250,000** for no or incorrect tax returns;
- Up to **EUR 300,000** if no GloBE Information Return is obtained via automatic exchange and no proof of filing is provided.

Different collection mechanisms



Legend

UPE: Ultimate Parent Entity

CE: Constituent Entity

QDMTT: Qualified Domestic Minimum Top-up Tax

IIR: Income Inclusion Rule

UTPR: Undertaxed Profits Rule

FATCA / CRS

1. Entity classification

Each Luxembourg entity needs to determine its FATCA and CRS status. Entities that qualify as Financial Institutions would have compliance obligations detailed below and may have to register with the IRS to obtain a GIIN.

2. Investor due diligence

The investor needs to provide FATCA/CRS self-certification at on-boarding and upon change of circumstances. Such documentation needs to be reviewed to ensure it is complete and reasonable and determine if the investor is reportable under one or both regimes.

3. Reporting

Once a year, reportable investors' debt or equity position in the Financial Institution needs to be reported to the Luxembourg tax authorities.

CRS notification letters may need to be sent to investors prior to the reporting.

4. Governance

Financial Institution needs to maintain a FATCA/CRS procedure as well as a register of actions to document all compliance tasks performed during the year.

Filing deadlines

FATCA & CRS annual filing (including nil reporting)
30 June N+1

VAT

✓ VAT rates

17% standard VAT rate – the lowest in the European Union, enhancing Luxembourg's competitiveness for businesses and consumers.

14% and 8% reduced VAT rates – for specific goods and services (energy, utilities, certain financial services, cultural items).

Super-reduced rate of 3%, one of the lowest in Europe, applicable to essential goods and selected services.

Broad and well-established VAT exemptions for fund industry and financial services.

✓ SAF-T / FAIA (VAT Audit File)

SAF-T (FAIA) is a standardised electronic accounting file that may be requested by the Luxembourg VAT authorities, typically in the context of a VAT audit.

Key features:

- Generated directly from the taxpayer's accounting or ERP system
- Provided in XML format, covering detailed accounting data
- Submitted only upon request by the tax authorities

The obligation applies notably to entities:

- Subject to the Luxembourg Standard Chart of Accounts
- With annual turnover exceeding EUR 112,000
- Having a significant volume of accounting transactions (+500)

✓ VAT filing obligations

3 regimes, simple rules, clear deadlines

NORMAL FILING REGIME	SIMPLIFIED FILING REGIME	SMALL BUSINESS SCHEME
Applies to companies with annual turnover: ≥ EUR 112,000	Applies to companies (meeting conditions set by the authorities)	For companies with annual turnover: ≤ EUR 50,000 (calendar year)
Filing frequency depends on turnover: EUR 112,000 to EUR 620,000 ► QUARTERLY returns > EUR 620,000 ► MONTHLY returns	One simplified annual return	One annual return
WHAT TO FILE • Monthly or Quarterly VAT returns • ONE annual recapitulative return (irrespective of monthly or quarterly filing)	WHAT TO FILE One annual simplified VAT return	WHAT TO FILE One annual VAT return
Filing deadlines Monthly / Quarterly returns: before the 15th of the following period (2-month extension granted by the authorities) Annual recapitulative return: by 31 December of the following year	Filing deadlines By 31 October of the following year	Filing deadlines By 31 October of the following year
VAT returns must be filed electronically with the Luxembourg VAT authorities.	Monthly and quarterly returns benefit from a 2-month extension granted by the authorities.	Irrespective of monthly or quarterly filing, the annual recapitulative return is always required under the normal regime.

Country-by-Country Reporting (CbCR)

MNE groups should provide tax authorities with a high-level overview of global activities, including profits, taxes paid, and economic substance in each jurisdiction.

An MNE group is subject to CbCR requirements in Luxembourg if:

- Consolidated group revenue is at least EUR 750 million, and
- **One of the following applies:** (i) The Ultimate Parent Entity (UPE) is resident in Luxembourg or (ii) A Luxembourg constituent entity must file locally because the UPE is not required to file a CbCR or does not effectively exchange CbCR information.

Filing deadlines

(i) CbC Report

Within 12 months after the end of the relevant financial year

(ii) CbCR notification

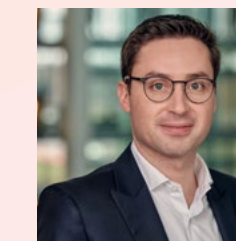
Generally by 31 December of the reporting fiscal year

Late filing or non-compliance may result in administrative penalties.

Contacts



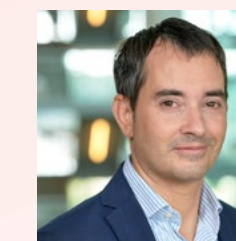
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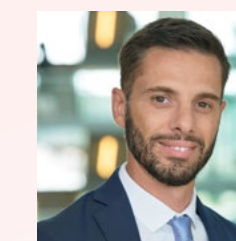
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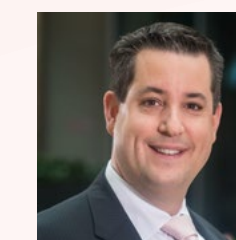
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