Sustainable assets to reduce subscription tax

Increase your funds’ performance

Luxembourg budget law 2021 - tax changes

The bill n° 7666 introduced the possibility to gradually reduce the rate of the taxe d’abonnement applicable to fund vehicles covered by the law of 17 December 2010 relating to the Undertakings for Collective Investments (UCI) Part I and Part II of the 2010 UCI regime.

The reduction is contingent to the percentage of Sustainable* assets, as defined by the Taxonomy Regulation, in the portfolio.

This will apply to all UCIs despite their classification according to the Sustainability Disclosure Regulation.

In order to benefit from the tax reduction, the Luxembourg tax authorities will expect the percentage of eligible assets to be disclosed in the annual report of the UCI or in an Assurance Report. The rate of taxation would be applicable for four quarters starting from the transmission date of the auditor certificate to the tax authorities.

Note: * As per the art.3 of the EU Regulation 2020/852 (Taxonomy), an economic activity can be considered sustainable if it complies with four different conditions:

1. Make a substantial contribution to one of the six environmental objectives.
2. Do not significantly harm the other five.
3. Meet minimum safeguard (e.g. OCDE guidelines on multinational enterprises and the UN Guiding Principles).
4. Comply with the technical screening criteria.

Tax reduction scheme

Percentage of net assets invested in “sustainable” assets	Subscription tax rate (annualised) of net assets that are “sustainable”
Over 5%	0.04%
Over 20%	0.03%
Over 35%	0.02%
Over 50%	0.01%

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