

Key Facts

Companies – Redomiciliation

Companies may seek to change their corporate domicile for fiscal, economic and political reasons. An increasing number of the more popular corporate domiciles now permit in their corporate laws both the inbound and outbound change of corporate domicile.

Summary

Luxembourg permits any type of foreign company to transfer its Registered Office to Luxembourg and be considered a company incorporated under Luxembourg law.

The recent international developments are prompting a trend of redomiciliation from offshore to onshore jurisdictions. Luxembourg, as a well-regulated jurisdiction is well suited to handle this type of transfer of Registered Office.

Benefits on Redomiciling a Company to Luxembourg

A company redomiciled to Luxembourg is taxable at the normal corporate tax rate, but can enjoy the benefits of partial exemptions under the law including dividends received, capital gains on participations in subsidiaries and other companies, real estate income from property located outside of Luxembourg, and additional royalty income exemptions from intellectual property rights.

Furthermore, a Société de Participations Financières (SOPARFI) will enjoy the benefits of the following EU directives:

- Parent-subsidiary directive – exempts the SOPARFI from withholding taxes on dividends received from companies established in other EU countries.

- Interest-royalty directive – exempts the SOPARFI from withholding taxes on interest or royalties received from companies established in other EU countries.

- Merger-acquisition directive – exempts the SOPARFI from taxation on capital gains when a contribution in kind is made of a branch to a third company as well as exemption of capital gains when contributing shares to a SOPARFI.

A redomiciled company can also choose the advantageous fiscal regime of the Private Wealth Management Company (SPF). In addition to the normal exemptions available to all companies, an SPF will be entitled to tax exemptions of income from portfolio management (bonds, shares, funds, dividends and foreign exchange trading).

Key Fact sheets regarding SOPARFIs, SPFs and SICAVs are available from our Luxembourg office.

Procedure

Once the transfer process is achieved in the country of origin (i.e., decision of the shareholder to transfer the registered office of the company), an extraordinary general meeting of the shareholder(s) before a Notary needs to be held in Luxembourg resolving the transfer to Luxembourg. First, a bank account will need to be opened in Luxembourg and then the Notary deed, including restated articles of

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association, will need to be signed in Luxembourg thus making the company an entity duly set-up under Luxembourg Law. This deed is then followed by a registration of the company with the Luxembourg Trade and company register “RCSL”; a fiscal number will be subsequently attributed. The company will then be allowed to obtain a fiscal residency certificate.

Step-by-Step Process

Step 1: Transfer process in the country of origin (decision of the shareholder to transfer the registered office of the company to Luxembourg).

Step 2: Opening of a Luxembourg bank account (2 to 3 weeks or less depending on the completeness of the due diligence documents received).

Step 3: Signature of the shareholder resolutions in front of a Luxembourg Notary.

In practice, this step should not take more than one week as far as:

- All client's due diligence certified documents requested are received in originals
- Client has been accepted by the bank and the company bank account is opened
- The share capital (Sàrl EUR 12,000 or SA EUR 30,000 [or 25% paid-up]) has been wired on the company bank account, if applicable
- The articles of association have been re-drafted in accordance with Luxembourg law and approval from the notary has been obtained
- All the proxies executed by the shareholders of the company have been received in originals for the shareholder resolutions as well as the acceptance letters regarding the appointment of the new director(s) (if any) and all the necessary Declaration(s) of Ultimate Beneficial Owner(s) of the company

- Acceptation of the company by our internal Client Acceptance Committee

Step 4: Proceed with filing of the discontinuation with the Registry of Corporate Affairs in the country of origin. Note the approval of the discontinuation is subject to the Registrar of Companies who may require further documents to approve the transaction, if the documents provided are not satisfactory. In this matter the Registry may require some additional documents such as a translation certificate, notarization, legalization, apostille, etc.

Overall Costs

Costs related to the migration to Luxembourg are estimated in the range of EUR 5,000 to EUR 7,000.

Offices

The Americas/Caribbean

Bahamas

Trident Corporate Services
(Bahamas) Ltd
T: +1 242 322 6154
bahamas@tridenttrust.com

Barbados

Trident Corporate Services
(Barbados) Ltd
T: +1 246 621 0760
barbados@tridenttrust.com

British Virgin Islands

Trident Trust Company (BVI) Ltd
T: +1 284 494 2434
bvi@tridenttrust.com

Cayman Islands

Trident Trust Company
(Cayman) Ltd
T: +1 345 949 0880
cayman@tridenttrust.com

Nevis

Morning Star Holdings Ltd
T: +1 869 469 1817
nevis@tridenttrust.com

Meridian Trust Company Ltd

T: +1 869 469 1333
nevis@tridenttrust.com

Panama

Trident Trust (Panama) S.A.
T: +507 302 7494
panama@tridenttrust.com

United States Atlanta

Trident Corporate Services, Inc
T: +1 404 233 5275
usa@tridenttrust.com

Miami

Trident Fund Services
T: +1 305 405 9006
miami@tridenttrust.com

New York

Trident Corporate Services, Inc
T: +1 212 840 8280
nyc@tridenttrust.com

Sioux Falls

Trident Trust Company
(South Dakota) Inc
T: +1 605 679 4355
sd@tridenttrust.com

US Virgin Islands

Trident Trust Company (VI) Ltd
T: +1 340 774 7322
usvi@tridenttrust.com

Asia

Hong Kong

Trident Corporate Services (Asia) Ltd
& Trident Trust Company (HK) Ltd
T: +852 2805 2000
hongkong@tridenttrust.com

New Zealand

Trident Trust Company (NZ) Ltd
T: +64 9 300 6067
nz@tridenttrust.com

Singapore

Trident Corporate Services
(Singapore) Pte Ltd &
Trident Trust Company
(Singapore) Pte Ltd
T: +65 6653 1800
singapore@tridenttrust.com

EMEA

Cyprus

Trident Trust Company (Cyprus) Ltd
T: +357 258 20 650
cyprus@tridenttrust.com

Trident Fiduciaries (Middle East) Ltd

T: +357 253 53 520
fiduciariesme@tridenttrust.com

Dubai

Trident Trust Company (UAE) Ltd
DMCC Branch
T: +971 4 423 9988
dubai@tridenttrust.com

Guernsey

Trident Trust Company
(Guernsey) Ltd
T: +44 1481 727571
guernsey@tridenttrust.com

Isle of Man

Trident Trust Company (IOM) Ltd
T: +44 1624 646700
iom@tridenttrust.com

Jersey

Trident Trust Company Ltd
T: +44 1534 733401
jersey@tridenttrust.com

Luxembourg

Trident Trust Company
(Luxembourg) S.A.
T: +352 26 30 28 48
luxembourg@tridenttrust.com

Malta

Trident Corporate Services
(Malta) Limited &
Trident Trust Company (Malta) Ltd
T: +356 21 434 525
malta@tridenttrust.com

Mauritius

Trident Trust Company
(Mauritius) Ltd
T: +230 210 9770
mauritius@tridenttrust.com

Seychelles

Trident Trust Company
(Seychelles) Ltd
T: +248 4 422 000
seychelles@tridenttrust.com

Switzerland

Trident Corporate Services AG
T: +41 44 396 1080
switzerland@tridenttrust.com

United Kingdom

Trident Trust Company (UK) Ltd
T: +44 20 7935 1503
uk@tridenttrust.com

Trident Company

Services (UK) Ltd
T: +44 20 7487 0460
corpserVICES@tridenttrust.com