

Luxembourg 2020 draft Budget Law - Pre-2015 tax rulings may end on 31 December 2019



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On 14 October 2019, the Luxembourg Government submitted the draft Budget Law for the year 2020 to the Luxembourg Parliament.

With respect to taxation, one noticeable amendment proposed is to bring to an end all tax rulings issued before the adoption of the current ruling procedure in force since 2015 (Section 29a of the Luxembourg General Tax law - Abgabenordnung).

According to the proposed new section 29b of the Luxembourg General Tax law, tax rulings granted by the Luxembourg tax authorities before 1 January 2015 shall no longer be valid after 31 December 2019.

While pre-2015 tax rulings often contained no determined validity period and may therefore unlimitedly bind Luxembourg tax authorities, tax rulings issued pursuant to the current procedure may only apply for a maximum of five years.

The aim of the measure is hence to ensure consistency between the “old” and the current tax ruling procedures in respect of the validity period of a ruling.

Based on the current text, taxpayers should still be entitled to rely on the pre-2015 rulings for the fiscal year 2019. However, companies with a diverging financial year may not rely on these rulings for the 2020 fiscal year (started during 2019 and closed during the 2020 calendar year).

The change should also be directly applicable with respect to the net wealth tax (as at 1 January 2020, based on the taxpayer’s situation as of 31 December 2019).

The taxpayers seeking comfort for subsequent years may file a new tax ruling request in accordance with the current procedure and subject to the rules on the mandatory and automatic

exchange of information on advance cross-border tax rulings and advance pricing agreements.