

Budget 2020: advance tax confirmations granted before 1 January 2015 no longer binding



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On 14 October, the Luxembourg government filed the 2020 budget bill with the Luxembourg parliament.

The budget bill provides inter alia that advance tax confirmations granted by the Luxembourg tax authorities before 1 January 2015 (i.e. under the administrative procedure in force until 31 December 2014) will no longer be binding after the end of 2019 financial year. Taxpayers that are concerned by this measure will be able to introduce a new request in compliance with the current administrative procedure.

The 2020 budget bill contains relatively few tax provisions, the most significant being that the advance tax confirmations (“ATCs”) issued by the Luxembourg tax authorities before 1 January 2015 are no longer binding. It should be noted that pursuant to §29a of the General Tax Law and the grand-ducal decree of 23 December 2014 which established a new procedure for ATCs, ATCs issued after 1 January 2015 are legally binding on the Luxembourg tax authorities as regards the tax assessment procedure for a maximum period of 5 years. In order to ensure consistency between the old and new procedures, the tax authorities should similarly no longer be bound by decisions issued before the introduction of the new procedure, beyond a 5-year period, i.e. until the end of the 2019 financial year. For subsequent financial years, taxpayers may request a new ATC in compliance with the new procedure ([please refer to our Newsflash for more details on the current procedure](#)). This being said, the impact of the termination of the ATCs dating from prior to 1 January 2015 seems nevertheless to be limited, given that ATCs only remain binding to the extent they comply with national, EU and international law and that further to the subsequent developments and amendments of the latter, most of the former ATCs are expected to be outdated.

The other tax measures included in the budget bill may be summarised as follows:

- extension of the super-reduced VAT rate to writers, composers and singers, as well as to the royalties received by them;
- update of the revaluation coefficients for real estate for the determination of capital gains realised thereon by individuals;
- increase of certain taxes on petrol and energy.

The budget law will now follow the normal legislative process before the parliament.

How can we help?

The termination of ATCs dating from prior to 1 January 2015 does not include any transitional measures and the relevant taxpayers should assess the necessity of filing a new ATC request under the current procedure. The Tax Law partners and your usual contacts at Arendt & Medernach will of course be at your disposal to assist you therewith.