



Family Business Services



August 2018

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Family Business Services

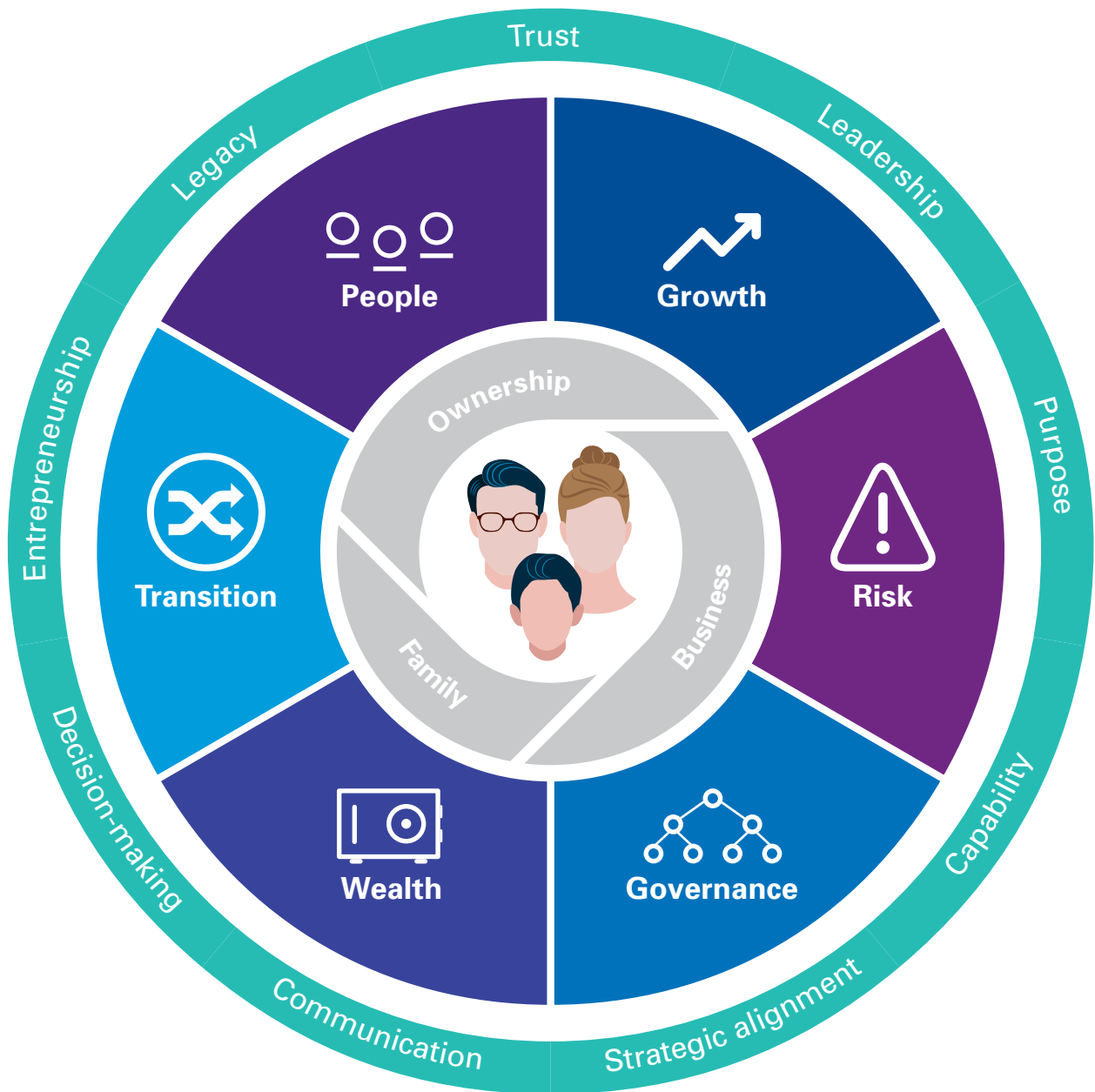


Family business dynamics



Family Business Services – KPMG Global

Family businesses are unique: at the core lies an important dynamic connecting the family and the business, which offers both opportunities and challenges. Surrounding each decision are strong family values that can serve as a navigational force. KPMG's advisers understand the dynamics of a successful family-run business and can provide tailored advice throughout the company lifecycle.



Family business dynamics



Growth

- Develop long-term growth strategies
- Optimise operations and profits
- Foster entrepreneurship within the business



Wealth

- Secure and maximise family wealth
- Diversify family assets
- Ensure a tax-effective wealth strategy
- Secure trust and estate plans



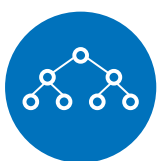
Risk

- Understand the appetite for risk
- Manage technological, financial, and operational risks
- Protect the reputation of the family and the business
- Design and implement controls



Transition

- Engage the next generation
- Handle transition management and/or ownership
- Ensure a tax-effective transfer of ownership
- Review exit strategies



Governance

- Structure the business and its ownership for the future
- Sustain family values and an aligned vision
- Understand the role of the family in decision-making
- Maintain family harmony



People

- Develop and retain family and non-family talent
- Set clear roles and responsibilities
- Establish remuneration and employment policies



Luxembourg at the heart of Europe



Why Luxembourg?



Luxembourg is situated at the crossroads of Belgium, France, and Germany, and has evolved into a leading, safe, and accessible business centre. The country's financial sector represents an impressive hub of expertise and experience, and is widely recognised as a leader in wealth management.

Why Luxembourg?



“Luxembourg has built up a unique long-standing expertise in providing compliant tailor-made solutions to international clients with complex multi-jurisdictional issues who wish to develop and transmit their wealth.”

Pierre Gramegna, Luxembourg Finance Minister



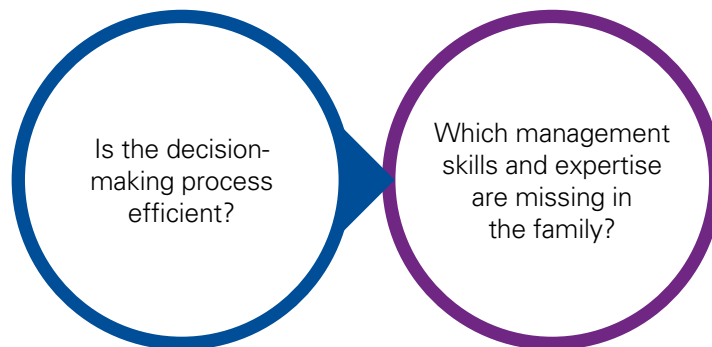
Governance



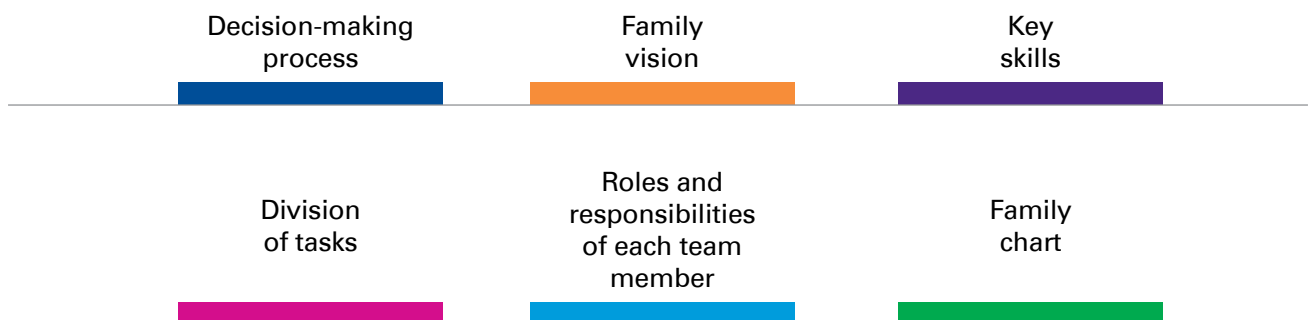
Decision-making process



Key skills



Roles and responsibilities of each member



Succession: transmission of wealth

Introduction

The transfer from one generation to another is often relying on a good timing which implies anticipating the transmission of the estate and answering a number of questions that will undoubtedly influence the values and the vision of the family.

Estate transfers can be done during the lifetime of the owner (“donation”) or upon his/her passing away (“inheritance”). Successfully transferring wealth down to the next generation is often a matter of timing—many factors must be considered, from tax and governance to the family’s vision and temperament.

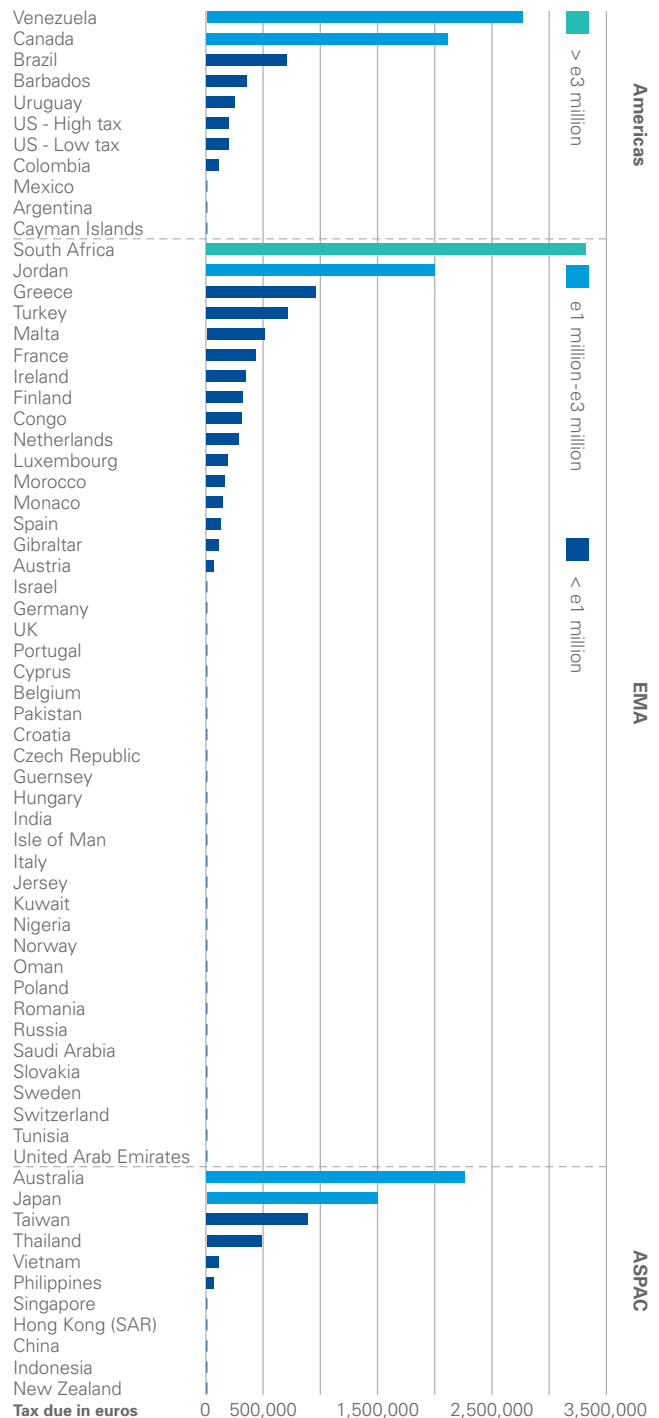
A lot of key elements will have to be taken into consideration to determine what will happen next and what will be put into action to experience a successful transmission.

Tax burden

Donation: transfer of an estate valued at €10 million in direct line.

Family business transfer on retirement
Figure 2c: tax due after exemptions

This figure shows an overview of the final tax result across the 65 countries, regions and jurisdictions on the same retirement transfer after available exemptions and reliefs are applied.



Source: Global Family Business Tax Monitor, KPMG, 2018

Succession: transmission of wealth

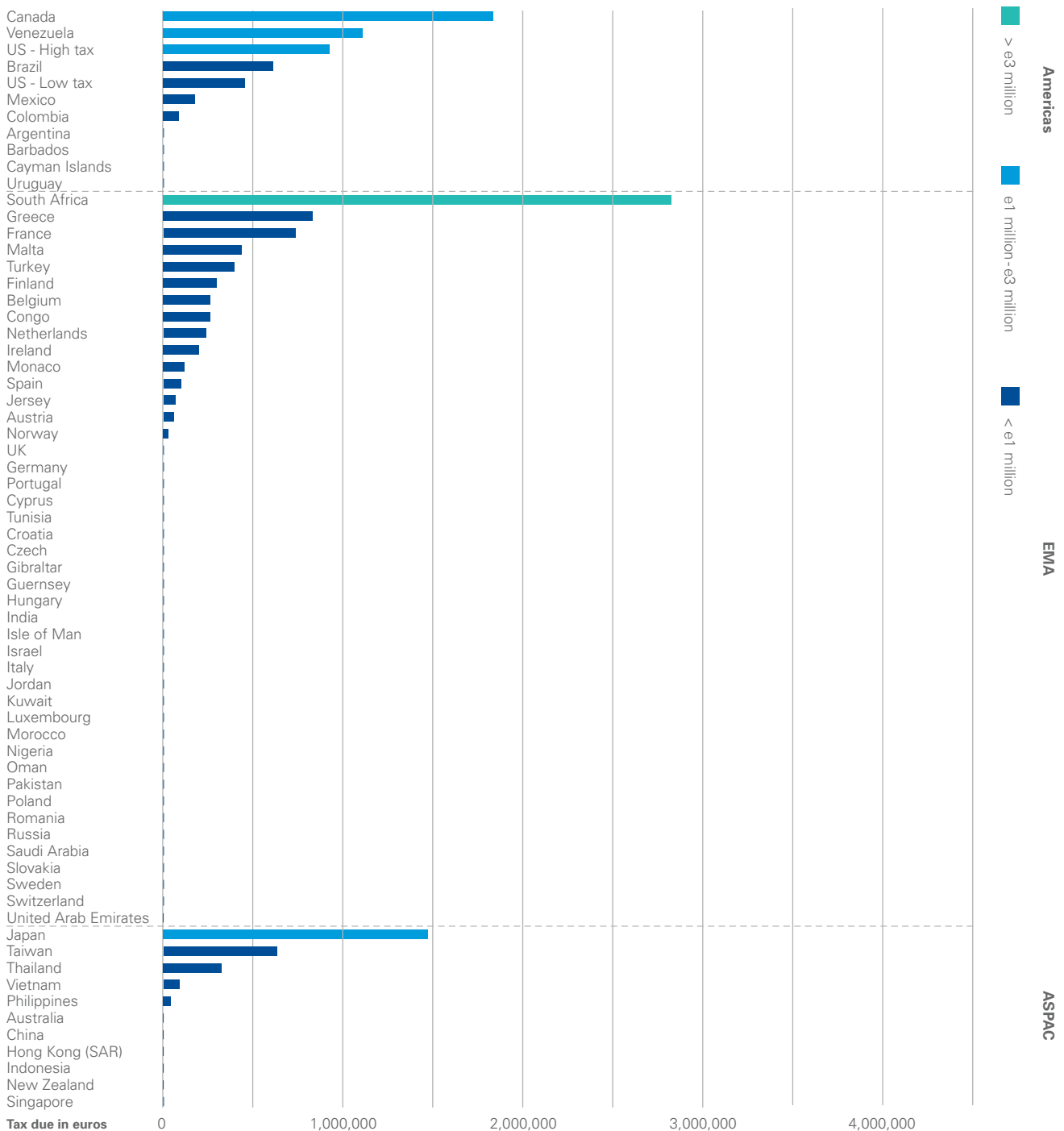
Tax burden

Inheritance: transfer of an estate valued at €10 million in direct line.

Family business transfer through inheritance

Figure 1c: tax due after exemptions

This figure shows an overview of the final tax result across the 65 countries, regions and jurisdictions on the same transfer after available exemptions and reliefs are applied.



Source: Global Family Business Tax Monitor, KPMG, 2018

Succession: transmission of wealth

How can we help?

Our team:

Our team can play an important role passing down a family business, for which a step-by-step strategy will be crucial. We can help you define the legal and tax setup through:

- Evaluating how realistic your goals are
- Documenting the succession plan in its entirety (whether to a family member or not)
- Detailing the financial implications of the succession

Added value

KPMG Luxembourg is here to:

- Help optimise your tax situation
- Align your global vision to the needs, goals, and interests of the family
- Assist the successor in taking over

We believe strongly in investing our time in understanding the family story.

Luxembourg is attractive for wealth transfers

No inheritance tax for direct transfers between spouses/ equivalent.

Reserved heirs.

Spouse has a determined part.

Luxembourg is competitive compared to neighbouring countries.

Depends on the relation between heir and value of the estate.

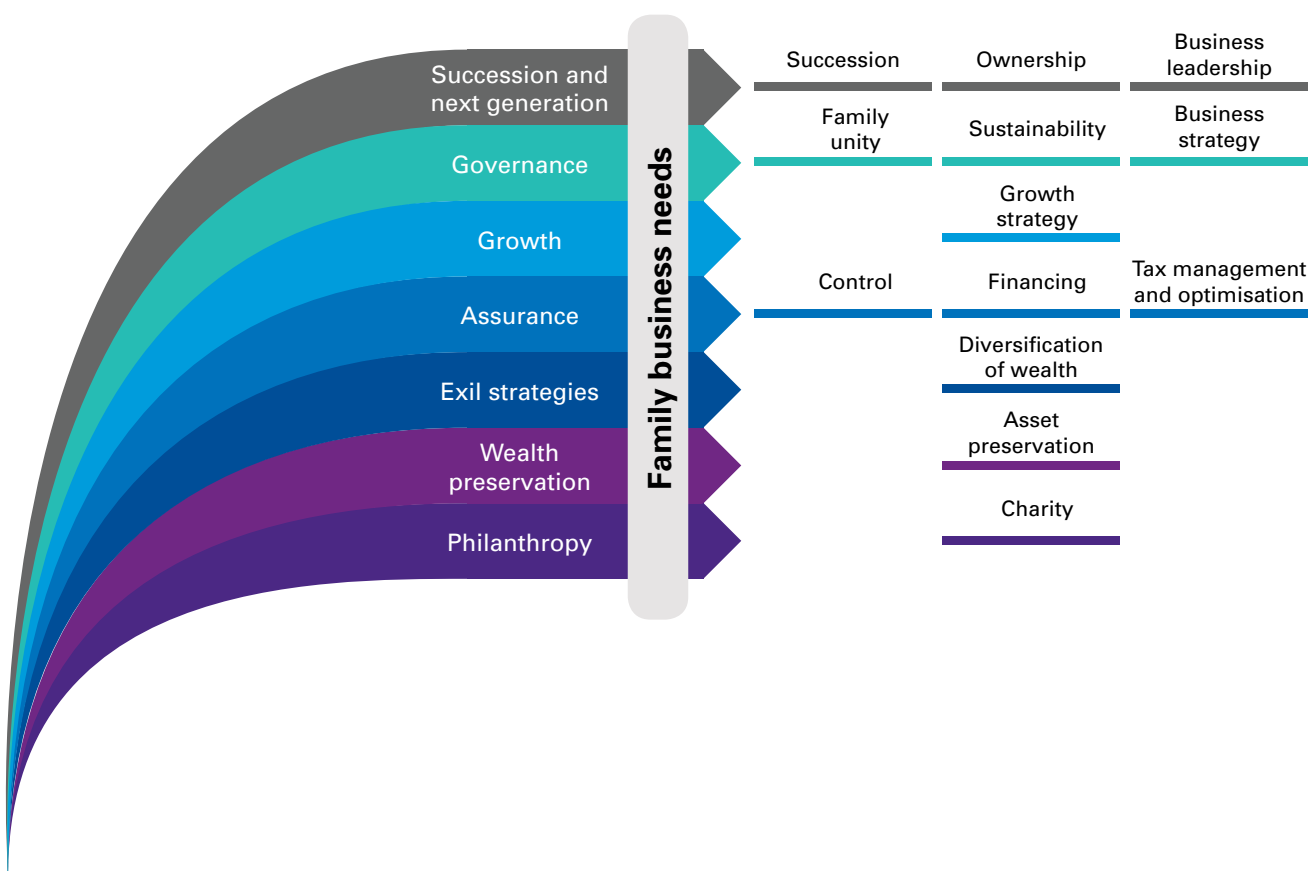
There are no double tax treaties for inheritance tax.

FBS Assessment Tool

This online diagnostic tool, developed by the KPMG Global Center of Excellence for Family Business, helps family businesses evaluate their issues and capabilities.

Through an online questionnaire, the tool covers seven main aspects of a family business: succession and next generation, governance, growth, assurance, exit strategies, wealth preservation, and philanthropy. It can be taken by one or several family members, as well as by non-family managers.

After the questionnaire is completed, your KPMG contact will organise a debrief meeting with you to discuss the results, including the gaps, disparities, and opportunities therein.



Following the debrief, our team would be uniquely placed to continue advising you on the opportunities and challenges associated with the next steps.

Our Family Business Services practice area is active in national and international estate planning. We are a multidisciplinary team experienced in nearly every aspect of family business structuring, from private tax issues to international inheritance.



6th European Family Business Barometer

About EFB report

Our annual survey this year received more than 1,100 responses from family business owners across Europe, uncovering their continued confidence for the future of their businesses and family ties to the business. Despite ongoing challenges, it appears that these businesses are moving forward confidently and planning to reinvest their profits into their businesses and seeking new opportunities that will enable them to foster sustainable growth.

Introduction

In this sixth European Business Barometer, European Family Businesses (EFB) and KPMG Enterprise once again seek to bring insight on the confidence levels of family business, the challenges affecting their operations and the solutions and unified approach that they take to ensure sustainable growth.

Family businesses help drive the European economy. ¹With more than 14 million family businesses providing over 60 million private sector jobs in Europe, their importance to the economy cannot be overestimated. ²In some countries, they represent anywhere from 55 to 90 percent of all businesses. With such an important role in the health of the European economy, these businesses are using their collective strength to make sure their voices are heard. They stand united in their opinion that governments can — and should — do more and work together to help family businesses succeed.

Our annual barometer survey results since 2013 have shown that confidence continues to be gaining momentum. As Europe moves away from the 2008 debt crisis and shows continued recovery, the optimism of these business owners remains steady. In this report, we see that 71% of family businesses showed overall confidence in their economic outlook for the year ahead.

Looking back over the past year, it has been a good period for many businesses, with the majority reporting positive results. Increased turnover was reported by 57% of respondents, with only 13% experiencing a decline.

1. Source: <https://assets.kpmg.com/content/dam/kpmg/pdf/2015/12/european-family-business-trends-2015.pdf>

2. Source: <https://assets.kpmg.com/content/dam/kpmg/pdf/2015/12/european-family-business-trends-2015.pdf>

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Tax environment



Taxation rules for individuals



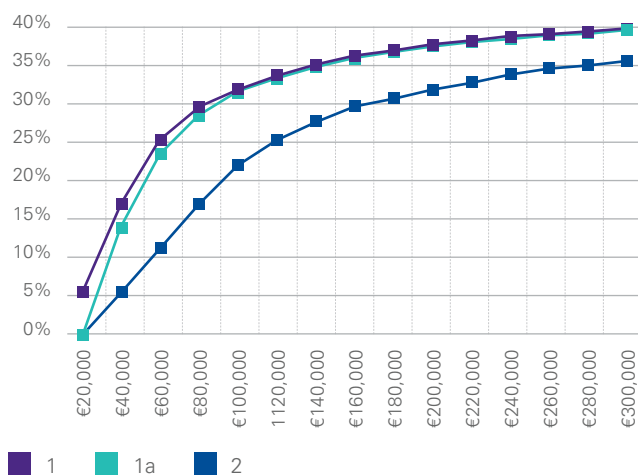
Taxation for Luxembourg resident

Tax year

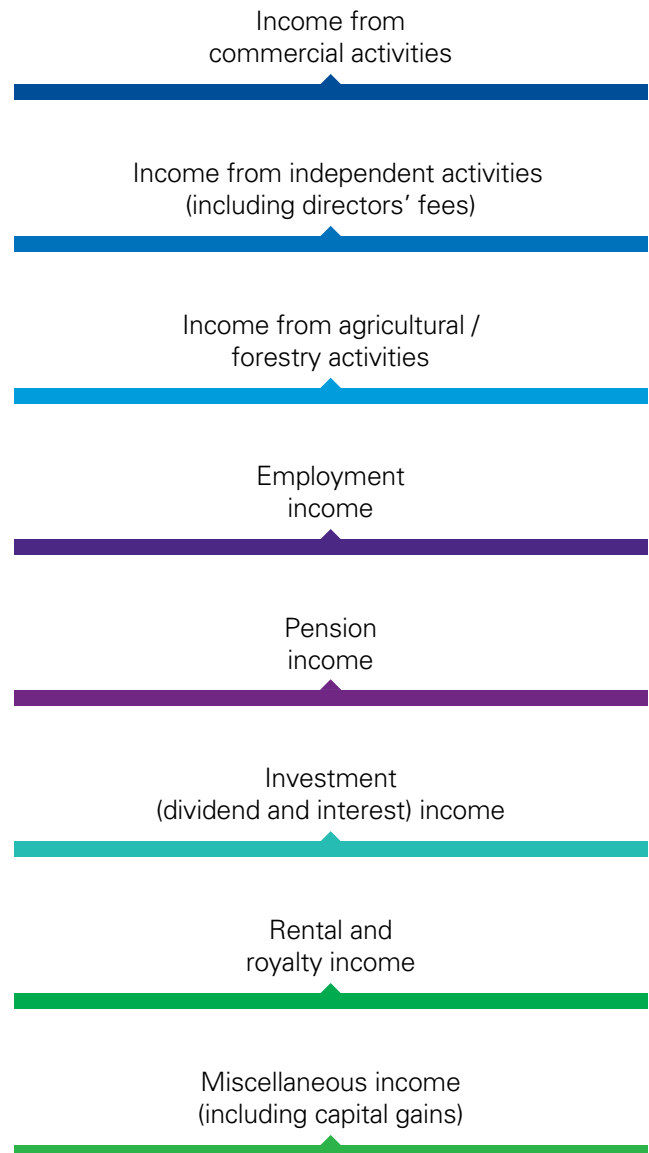
The tax year corresponds to the calendar year.

Tax rates

Progressive tax rates ranging from 0% to 44.69% apply to taxable income not exceeding €200,004 (€400,008 for couples taxed jointly). A rate of 45.78% applies to the portion of taxable income exceeding €200,004 (€400,008 for couples taxed jointly). The calculation of Luxembourg income taxes depends on the taxable income and the individual's family status, i.e. the tax class.



Categories of income



Taxable basis

Individual liability for Luxembourg tax is determined by residence status.

- Luxembourg tax residents are taxable on their worldwide income in Luxembourg (with treaty reliefs where applicable).
- Luxembourg non-residents are taxable on their Luxembourg-sourced income only.

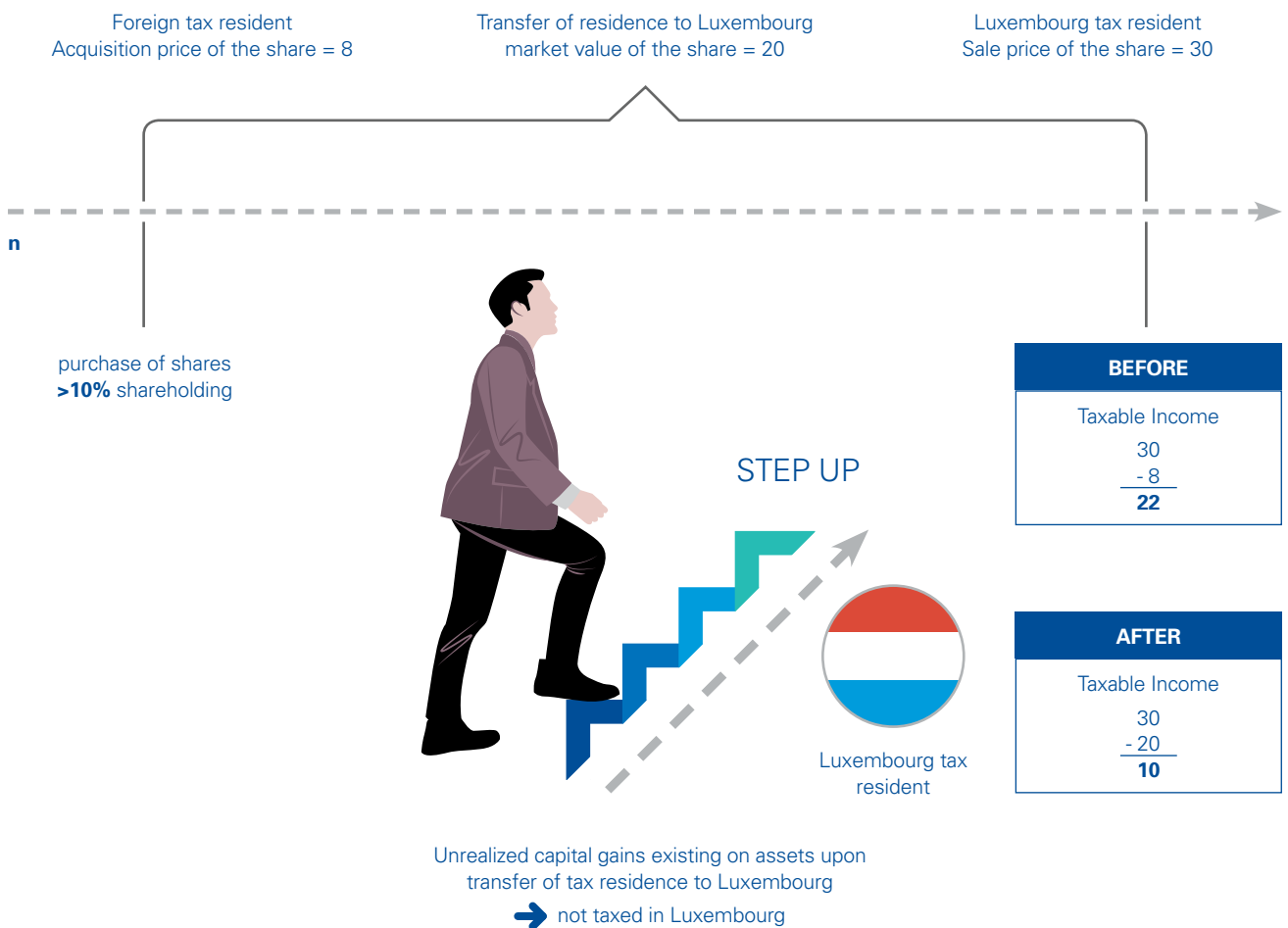
Taxation rules for individuals

Step-up in basis

Imagine an individual taxpayer who transfers his tax residency to Luxembourg. The acquisition price of his shares and convertible loans (where he participates at over 10%) would be the market value of said assets at the date on which he became a Luxembourg-resident taxpayer.

The initial acquisition date of the transferred assets is still used, however, to calculate the holding period.

Such taxpayers will not be taxed in Luxembourg on the latent capital gains of these assets prior to their transfer of residence.

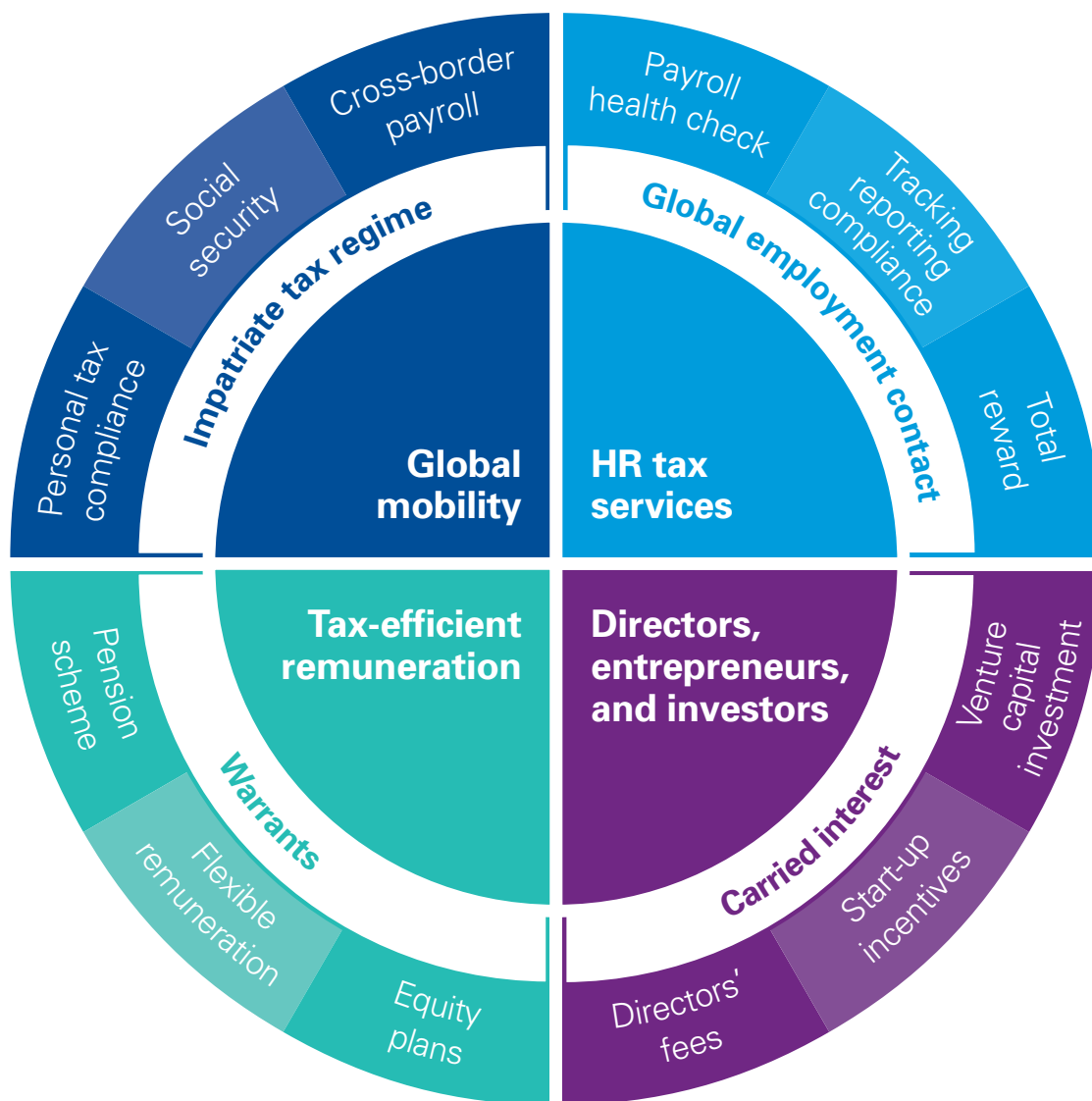


Taxation rules for individuals



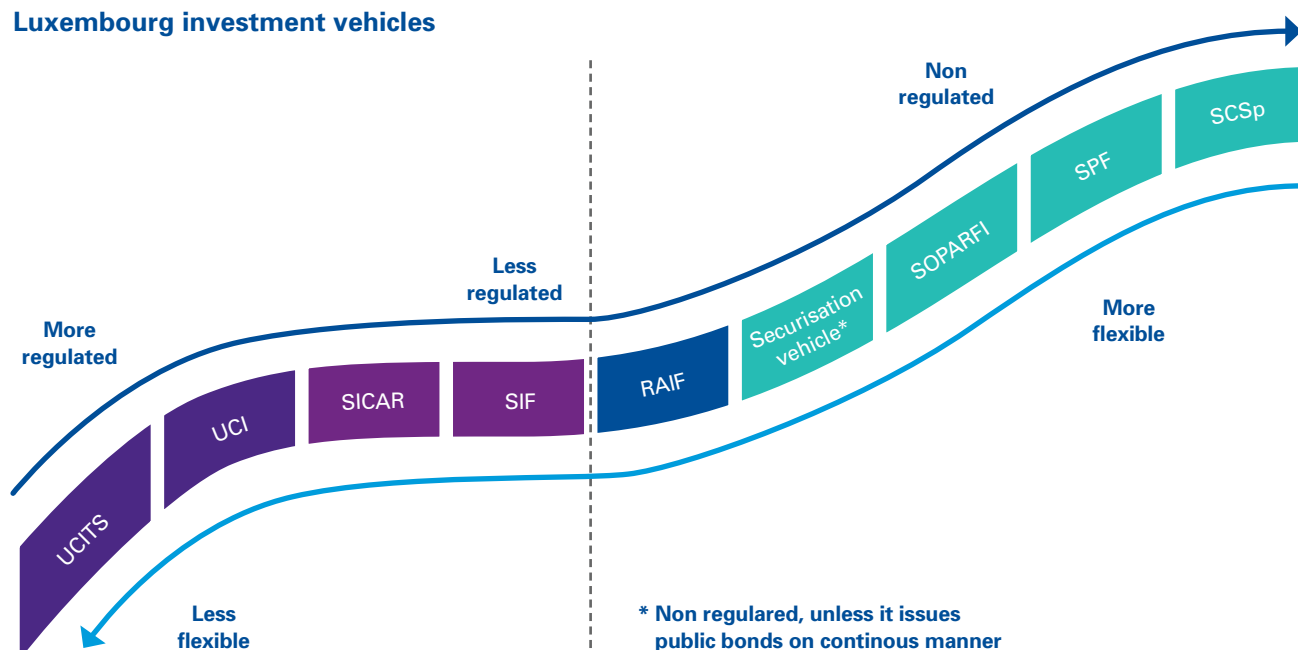
How can we help ?

Want to know more about your Luxembourg individual taxes? Try our KPMG Luxembourg Tax Calculator at www.kpmgtaxcalculator.lu.



Corporate taxation rules

Luxembourg investment vehicles



	SPF	SOPARFI	SIF
Characteristics	Restricted to acquisition, holding, and liquidation of financial assets	Financing and holding of participations	High flexibility, but subject to regulatory approval
Governance	Asset evaluation according to adopted accounting standard	Asset evaluation according to adopted accounting standard	Assets evaluated at fair market value
Taxation	0.25% of the total capital paid and premium issued (if applicable)	27.08% CIT (2017) 0.5% NWT	0.01% of the net value of the assets, but exempt under certain conditions
	RAIF	SV	SCSp
Characteristics	High flexibility and no regulatory approval	High flexibility, but subject to regulatory approval	High flexibility and no regulatory approval
Governance	Assets evaluated at fair market value	Assets evaluated at fair market value	Optional evaluation standard decision by the shareholder
Taxation	0.01% of the net value of the assets, but exempt under certain conditions	Special regime and NWT exemption	Not subject to taxation

Attractive tax environment

Corporate Tax	Main Tax Benefits	Other Benefits
<p>Corporate tax rate</p> <ul style="list-style-type: none">✓ Combined corporate tax rate for the City of Luxembourg is 27.08% in 2017 and 26.01% in 2018✓ Further decreases envisaged by the government depending on international developments (BEPS implementation, etc...) <p>Net wealth tax</p> <ul style="list-style-type: none">✓ 0.5% levied annually on a company's assets (i.e. unitary value) as at 1st January of each year (based on the company's financial position at the preceding accounting year-end)	<p>Tax efficient holding and financing jurisdiction</p> <ul style="list-style-type: none">- Participation exemption regime for dividends and capital gains (under conditions)- Investment tax credit- Multiple tax incentives <ul style="list-style-type: none">✓ No withholding taxes- Dividends (under conditions), Interests, Royalties✓ Losses can be carried forward for 17 years✓ Availability of functional currency regime for tax purposes✓ Broad tax treaty network✓ Investment tax credits	<ul style="list-style-type: none">✓ Fast implementation of new EU measures and international standards✓ Responsive tax authorities with well established communication with the taxpayer✓ Tax ruling practice✓ Favorable tax regime for expatriates: tax relief that mitigates expenses related to relocation✓ Tax credits for hiring unemployed people✓ Extensive investment protection treaty network

How can we help?

Our team of experts is specialised in domestic tax and international tax. Supporting Luxembourg's main actors for years, we aim to remain a trusted advisor and to deliver the strategic support that would enable you to provide your clients with the best service whilst maximising your success.

Our dedicated tax compliance team provides our clients with a complete range of services such as:

- Transfer pricing policy preparation
- Local corporate tax advice
- Corporate tax fillings / net wealth tax fillings
- Migration support
- Local and international structuring advice
- International tax planning and advice
- International transaction support
- Overview of tax risks and opportunities
- Tax accounting and provision preparation
- Due diligence



VAT inspection

- Personal kick-off meeting
- Full-range status quo VAT analysis adapted to both personal and business circumstances
- Mapping the scope of our VAT services to individual findings
- Mitigation of personal risks for those charged with governance
- Implementation of practical tailor-made VAT solutions for family businesses



Personalized VAT service centre

- Ad-hoc assistance via a dedicated and personalised VAT hotline
- Holistic VAT support on demand
- Hands-on VAT guidance in individual business situations:
 - Business Founding
 - Acquisition and sale of specific assets
 - Restructuring
 - Company Succession

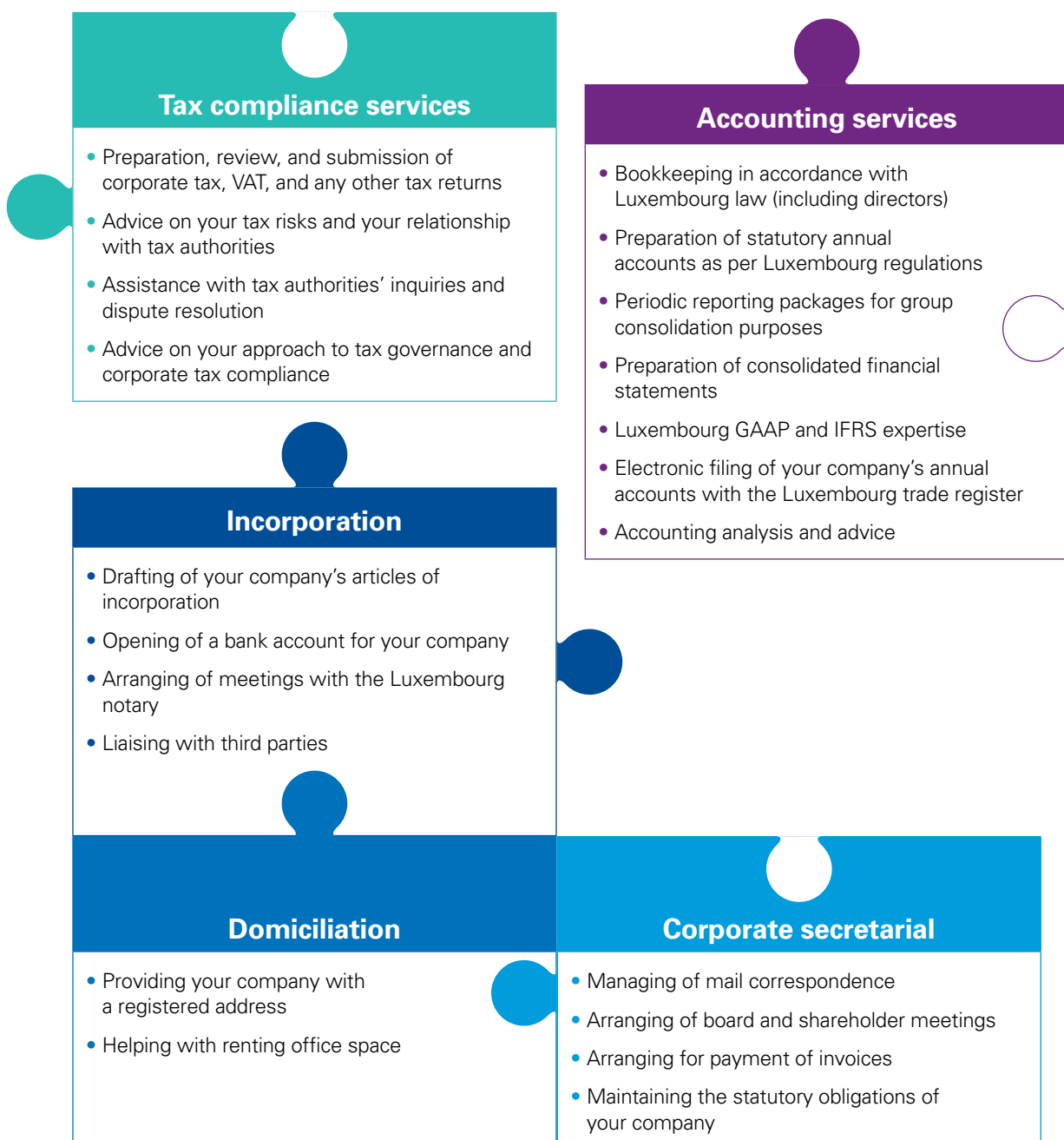


Our expert VAT team can

- Harness synergies by working with your experts and executives
- Provide value-adding updates on global VAT trends and local market specificities, including in the fine arts, financial, precious metals, and digital technologies sectors

Our solutions

- We can assist your undertaking for its entire lifespan—from incorporation to liquidation.
- We can help with domiciliation, corporate secretarial services, selection of independent managers/directors, and accounting and tax compliance services.
- We are experienced in the private equity, real estate, and corporate sectors, among others.
- Our professionals variously have accounting, tax, audit, and legal backgrounds.
- Our advanced technology gives you unique access to your Luxembourg company’s accounting and corporate documents.





Advisory



Corporate finance



Deal Advisory

- Pricing analysis
- Opinions on fairness
- Financial modelling and simulations
- Business plan analysis
- Purchase price allocation (PPA)



Infrastructure

- Financial modelling
- Valuation
- Financing of acquisitions
- Structured financing
- Debt refinancing



M&A

- Buy-side advisory
- Sell-side advisory
- Buy-outs
- Debt refinancing
- Mergers
- Joint ventures



Sell-side assistance

- Analysis of disposal options
- Transaction structuring
- Vendor due diligence (due diligence commissioned by the seller)
- Closing process assistance / sales and purchase agreement and negotiation support



Buy-side assistance

- Pre-deal evaluation
- Buy-side due diligence
- Post-merger integration assistance
- Transaction structuring
- Contract assistance



Capital Markets

- Planning and preparation
- Due diligence: investigation of key risks, value drivers, and impact on the business
- Review areas required for compliance
- Preparation of accounting reports for publication in the document on historical financial information and pro forma financial information
- Co-ordination of the drafting and production of the prospectus with regulators, lawyers, and advisers
- Advice on pricing issues in conjunction with corporate brokers
- Assistance with the preparation of presentations to institutions

Liquidation services

Planning and initiation of liquidation

- Communication with all parties
- Formal appointment with a notary
- Preparation of all information for submission to shareholders in advance
- Forecasting of the net asset value; help addressing rounding issues
- Termination of all contracts and management of assets

Administration control

- Realisation of assets on regulated markets and/or through market makers
- Distribution to stakeholders
- Treatment of specific requirements such as distribution in kind, etc...
- Human resources related issues

Closure and follow up

- Ensuring that retail investors are efficiently communicated with
- Confirmation that all distribution and networking matters are closed in all relevant countries

Restructuring vehicles

Cash and working capital management

- We work with management to improve cash flow forecasting and controls
- We deliver significant improvements in cash and working capital
- We help generate cash and embed a cash-culture within the business

Lender advisory services

- We provide an independent and unbiased background understanding of individual situations
- We can appraise business plans

Operational restructuring services

- Development of robust operational and financial plans
- Sourcing of interim executives
- Communication with lenders and other stakeholders
- Debt re-organisation / refinancing

Independent business review

- Analysis and explanation of the key reasons for recent financial underperformance

Market Intelligence tool

Family Business Market Intelligence tool



1. SOURCES

Input the sources you need from the web, Gmail, twitter, internal database, CRM etc... in addition to pre-set-up sources.

Your bank of sources is **easy to manage**



2. BOOKMARKS

Create buckets of sources in few clicks in order to **simplify the future searches** on multiple sources



3. SEARCH

Search on your bookmarks (buckets of sources) like a specialized search engine that allows you:

- To evaluate the pertinence of your query
- To find related concepts
- To find new sources of information
- Etc...



4. COLLECT - AUTOMATE YOUR SEARCHES

When you identified a "search" that gives you relevant information, you can add it as a collect in one click - meaning, this search will be executed automatically on a regular basis.

The collects can be refined at any time and you fully master all parameters.

Finally, this system ensure synergies among an organization as existing collected topics can be reused by anyone.



5. ORGANIZE

Each collected document will be saved under one or several folders that you defined.



6. ANALYZE

Get into the big data tool of AMI Enterprise Intelligence using a powerful semantic analyze, cross concept analysis, weak signal identification etc...



7. OUT-PUTS

Newsletter

Newsletters are automatically created based on the collected documents and shared on a defined frequency.

Dashboards

A Dashboard gives you the possibility to tailor your working environment based on your needs:



RSS Feeds

Ad-hoc word document with graphs etc...

Example



04 October 2017

Tax Family Business - Alert

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 - What does #Brexit mean for European Businesses? Here are some ideas: <https://t.co/WL8Nv2sZnc> #taxpwc <https://t.co/Mqul8BmKwX>
 - #FRPA brings the potential to manage #Tax Tasks efficiently. Here are 4 steps to implement it: <https://t.co/P1uMplv8IM> #taxpwc <https://t.co/8fduQ2r1m>
 - BEPS: What does it mean for fund managers?
- Tax FBS Local Press News**
 - Les Britanniques se préparent à un «no deal»
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TAX FBS - FRANCE

Peut-on déshériter ses enfants dans une succession internationale ?

02/10/2017 - www.fidal-avocats-letblog.com ★★☆☆

La Cour de cassation, par deux arrêts qui étaient très attendus, vient de répondre négativement à cette question : « attendu qu'une loi étrangère désignée par la règle de conflit qui ignore la réserve héréditaire n'est pas en soi contraire à l'ordre public international français ». Toutefois, la vigilance reste de mise notamment parce que dans ses arrêts la Cour de cassation réserve l'hypothèse où l'application de la loi étrangère conduirait au cas d'espèce soumis au juge « à une situation incompatible avec les principes du droit français considérés comme essentiels ».

Propriété intellectuelle et Technologies de l'information | lettre d'information Juillet - Août 2017 - FIDAL avocats

02/10/2017 - www.fidal-avocats-letblog.com ★☆☆☆

Les principaux enseignements de cette étude sont les suivants :seuls 28% des entreprises et des acteurs interrogés estiment qu'ils seront sans doute en conformité avec la nouvelle réglementation le 25 mai 2018, tandis que 27% ont la certitude qu'ils ne pourront pas l'être ; 44% espèrent l'être le plus possible sans réelle certitude ; les entreprises du secteur privé sont les plus avancées sur le chemin de la conformité : environ deux tiers d'entre elles ont déjà réalisé un audit (31%) ou projetent de le faire dans les prochains mois (25%).

Les premières mesures fiscales du quinquennat

04/10/2017 - www.fidal-avocats-letblog.com ★☆☆☆

Selon l'usage et la loi, le Gouvernement a transmis mercredi dernier au Parlement le projet de loi de finances pour 2018. Premier budget du nouveau quinquennat, il est empreint de promesses issues de la campagne présidentielle et traduit certains signaux politiques forts. En faveur des entreprises on aura relevé les mesures suivantes qui affichent un objectif ambitieux de compétitivité et d'attractivité de notre économie : Une baisse progressive du taux de l'impôt sur les sociétés pour atteindre 25 % pour les exercices ouverts à compter du 1er janvier 2022 La suppression de la limitation de...



Why KPMG Luxembourg?



Family Business Services



A trusted, experienced team

Why KPMG

Our Family Business Services team is specialised in family business and cross-border tax. We are passionate about helping people, from family business members to professionals in private banking and wealth management. We would love to become your adviser and to help you succeed.

Our values

Central to everything we do is trust. We believe in frank and honest communication, collaboration, listening, and above all integrity.

Our approach

As international tax rules evolve and demand more transparency, and as economic conditions change, the business landscape is only becoming more complex. Immediate and innovative answers are more valuable than ever.

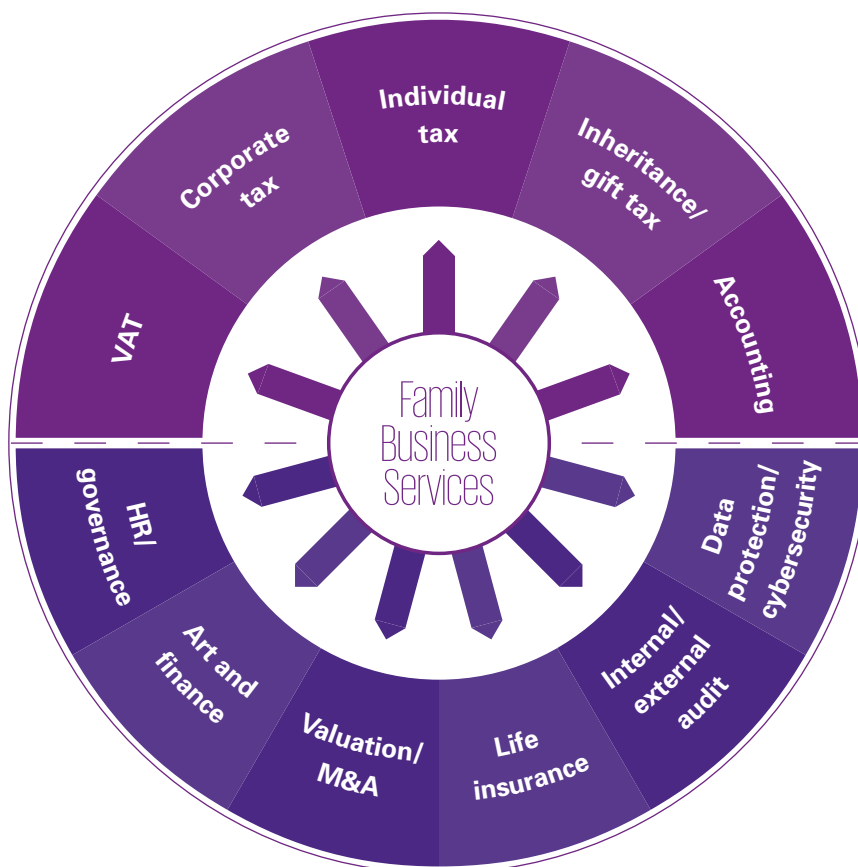
In this context, running a family office comes with a unique set of challenges—but also opportunities.

Our “best in class” value proposition allows you to choose from our palette of integrated services, meaning you can leverage the KPMG difference.

We offer:

- A dedicated central point of contact that can align input from multidisciplinary teams
- Interconnected cross-border solutions
- Personalised and innovative strategies for our clients
- Assistance with every step, from brainstorming to implementation

Our services





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