



Luxembourg: where innovation thrives

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“ We are a traditional country, and we’re open for business. This is what makes the success of this country: to be ready for the next thing. —Xavier Bettel, Arch Summit 2018 ”



Since the end of the '90s, Luxembourg has offered a broad range of incentives in many domains, such as tax and finance, to create an environment conducive to innovation and creativity. Recently, the country went the extra mile to promote innovation by passing the new intellectual property tax regime (the “IP regime”) into law.

All these incentives make Luxembourg a top choice in the field of development and management of intellectual property (IP) rights.

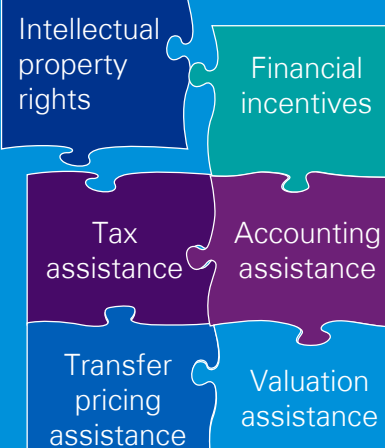


How we can help

KPMG Luxembourg has an experienced team of cross-disciplinary professionals who can provide customised services based on your company’s business and exposure.

We can assist you in understanding the key benefits offered by Luxembourg to sustain your creative and innovative initiatives. We can provide, inter alia:

- services regarding the tax and transfer pricing aspects of your projects, as well as customised accounting automation solutions
- customised services related to financial incentives



Services



Tax assistance

Tax assistance in navigating the Luxembourg IP regime, which provides an 80% tax exemption in R&D income (under certain conditions) derived from certain type of rights, such as the patents and software protected by copyright (e.g. analysis of the eligibility to the regime, computation of the tax-exempt amount of the R&D income)

Assistance with all other tax-related aspects (including VAT assistance)



Transfer pricing assistance

Collaborating with tax experts to prepare supporting transfer pricing documentation (according to transfer pricing guidelines) and to calculate the tax-exempt amount of the R&D income foreseen by the Luxembourg IP regime in cases where all functions are not performed and/or controlled in Luxembourg (e.g. where the R&D is performed in an EEA branch but controlled in Luxembourg), as made possible under the Luxembourg IP regime



Valuation assistance

Valuation services related to IP address tax, accounting, and strategic aspects of the IP's value.

Valuation for tax purposes:

- valuation for transfer pricing documentation

Valuation for financial reporting and decision making:

- pre- and post-acquisition assistance:
 - share deal: purchase price allocation under IFRS
 - asset deal: standalone IP valuation
- impairment test



Accounting automation assistance

Customised assistance in proposing innovative, functional, and high-quality accounting solutions in view of tracking R&D (eligible) income and expenditures in the frame of the Luxembourg IP regime via:

- the automation of the accounting processes
- the implementation of an appropriate and effective tool, simplifying the accounting processes

This accounting solution will simplify the computation of the tax-exempt amount of the R&D income to be reported in the corporate tax returns of the Luxembourg companies.



Financial incentive assistance



Scanning

- defining your financing needs and the nature of subventions requested
- analysing the potential organisational and functional developments (in terms of innovation efforts, if requested) for your organisation's structure

Possibilities:

- equity financing, financing through loan capital, leasing (fiscal implications)
- accelerators/incubators



Assistance

- facilitating the interaction with public organisations related to providing financial support (i.e. ministries, Luxinnovation, and clusters)
- contacting and initiating discussions with the appropriate people

Possibilities:

- private funding processes: crowdfunding, business angels, or venture capitalists
- public financial aids (less common due to European laws): depending on the offer, the organisation that needs contacting will differ



Our key contacts are:

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