

- Half or majority of Luxembourg resident board
- At least one Luxembourg resident manager involved in the decision making process

Board composition

Board procedures

Personnel and office space

Company accounts and records

Purpose of LuxCo

Shareholder meetings

No Luxembourg resident board

Decisions taken at shareholder level

- No board meetings in Luxembourg
- Meetings conducted via conference calls/circular resolutions
- No office space or employees
- No letterhead or e-mail accounts
- No bank account

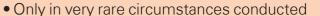
- Bookkeeping performed and kept outside of Luxembourg
- Tax returns signed outside of Luxembourg
- Mere conduit company
- No risks borne by LuxCo
- Shareholders approval required
- Managers limited in day-to-day decisions

- Minority of Luxembourg resident
- Decisions generally taken by board



- Meetings are exceptionally conducted via conference call (initiated from Luxembourg and chaired by a Luxembourg resident manager)
- Shared office space rented
- Work mainly carried out at LuxCo's premises
- Employment contracts

- Own letterhead and e-mail accounts (used from time to time)
- Bank account in Luxembourg
- Bookkeeping performed in Luxembourg and kept by an affiliate in Luxembourg or Luxembourg service provider
- Tax returns signed in Luxembourg by non-Luxembourg resident managers
- Certain business risks borne by LuxCo (albeit remote)
- Shareholders approval required (for business decisions)
- Day-to-day management decisions at the discretion of LuxCo's managers



- by phone/circular resolutions
- Board meetings are appropriately documented
- No proxies unless proxies are granted by Luxembourg residents
- Own office space in Luxembourg
- One or more qualified employees
- Employment contracts
- Own letterhead and own e-mail accounts (used for all correspondence)
- Bank account in Luxembourg (used for all payments and cash flows)
- LuxCo's managers have signing authority for the bank account
- Bookkeeping performed (and stored) in-house
- Tax returns signed in Luxembourg by Luxembourg resident managers
- Genuine business activity and associated risks borne by LuxCo
- Diversified portfolio of investments held by
- Shareholders approval required (for business) decisions outside the normal course of
- LuxCo's managers free to run the company without shareholders' consent

With the help of its international network, KPMG Luxembourg would be pleased to assist with the analysis of the appropriate substance requirements for your business with reference to the tax legislation of all jurisdictions concerned.

Points of attention:



Luxembourg resident board members



Board meetings in Luxembourg



Employees in Luxembourg



Own office space



Bank account in Luxembourg



Specific tasks performed in-house



Genuine business activity and associated risks



Day-to-day management performed by Luxembourg managers



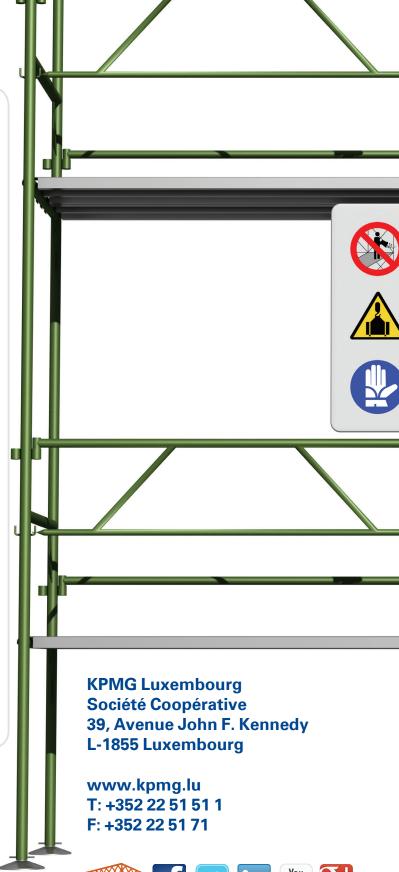
Luxembourg tax resident managers involved in the decision making process



Consider requirements in the investment and investor countries

This document should only be used as a guide.

The actual substance required in Luxembourg should be determined on a case-by-case basis and should also be analysed from the perspective of the different jurisdictions involved.



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.