



TAX NEWS FLASH - MARCH 2020

BLACK LISTED ENTITIES UNDER LUXEMBOURG SCRUTINY



The Luxembourg government approved on March 25th, 2020 a draft law amending the Luxembourg income tax law which aims at denying the tax deduction of interests and royalties paid or due to related entities in backlisted jurisdictions.

This draft law follows the recommendations of the Economic and Financial Affairs Council of EU issued on December 2019 and encouraging the European Union (“EU”) member states to apply defensive tax measures towards non-cooperative jurisdictions as from January 1st, 2021.

On February 2020, the EU issued an updated list on non-cooperative jurisdictions which includes American Samoa, the Cayman islands, Fidji, Guam, Oman, Palaos, Panama, Samoa, Seychelles, Trinidad and Tobago, the US Virgin Islands and Vanuatu.

We will share with you further details once the bill of law is published as several aspects and practical modalities remain to be confirmed upon publication, including notably the application date and the concept of related entities.

Our tax team is at your disposal should you have any questions relating thereto or should you need assistance to assess impacts on your business.



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