



# ATOZ ALERT



## The New UK/Luxembourg Double Tax Treaty ratified by the Luxembourg Parliament

19 July 2023

Today, the Luxembourg Parliament voted the law ratifying the new double tax treaty (“**DTT**”) between the UK and Luxembourg. As the UK has already ratified this new DTT, it can be expected that it will enter into force over the course of this year so the new provisions should become applicable **as from 2024**.

The new provisions would become applicable as follows:

In Luxembourg, it would apply:

- i. in respect of taxes withheld at source, to income derived on or after 1 January 2024; and
- ii. in respect of other taxes on income, and taxes on capital, to taxes chargeable for any taxable year beginning on or after 1 January 2024.

In the UK, the DTT would apply:

- i. in respect of taxes withheld at source, to income derived from 1 January 2024;
- ii. in respect of income and capital gains tax, to any year of assessment from 6 April 2024;
- iii. for corporation tax (including corporation tax on capital gains), for any financial year beginning on or after 1 April 2024.

In the UK, whilst for corporation taxpayers the earliest the new treaty could apply is therefore 1 April 2024, in reality it could be the year after. A number of companies and groups have financial years starting 1 January and for these the DTT would only apply from 1 January 2025.

The new DTT and an additional Protocol will replace the Double Tax Treaty signed in 1967. This new DTT reflects the latest OECD tax standards. Some of these had already been taken into account through the modifications introduced by the Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting. However, the new DTT goes significantly further and the main change is in relation to the taxation of Luxembourg entities with real estate investments in the UK.

For more details on the implications of this new DTT information, please read our previous publication on the topic: [“Luxembourg launches the ratification of the new UK-Luxembourg Double Tax Treaty” - Insights ATOZ APRIL2023.](#)

## Do you have further questions?



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