



ATOZ ALERT

Luxembourg Council of State greenlights carried interest draft law

19 December 2025

Today, the Luxembourg Council of State issued its second opinion on the carried interest draft law (the “**Draft Law**”) which aims to clarify and modernise the Luxembourg tax regime applicable to carried interest received by individual managers of alternative investment fund managers (“**AIFMs**”). This opinion follows governmental amendments to the Draft Law adopted by Parliament’s finance committee on 14 November 2025.

In its previous opinion dated 21 October 2025, the Council of State raised a formal objection, noting that the scope of beneficiaries under the proposed regime was overly broad and imprecise, creating legal uncertainty.

Today, the Council of State concluded that the proposed amendments address these concerns and **withdrew its formal objection**.

As a result, the Draft Law is now ready to be submitted for a vote during a plenary session of Parliament.

Due to the year-end holiday period, the draft law is **expected to be adopted in early 2026 and apply as of the 2026 tax year**.

If you would like to know more about the Draft Law or the governmental amendments, please refer to our latest ATOZ Insight’s article “[Luxembourg confirms and enhances its carried interest tax framework](#)” or our ATOZ Alert “[Parliament’s finance committee passes amendments to the carried interest draft law](#)”

Do you have any questions?



KEITH O'DONNELL

Managing Partner

[International & Corporate Tax](#)

keith.odonnell@atoz.lu

T +352 26 940 257



PETYA DIMITROVA

Partner

[International & Corporate Tax](#)

petya.dimitrova@atoz.lu

T +352 26 940 224