

Luxembourg

Luxembourg implements automatic exchange of information



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The OECD standards as regards exchange of information upon request are now in place in Luxembourg since a few years and Luxembourg has recently released a circular demonstrating its commitment towards the achievement of an effective system of exchange of information upon request. Spontaneous exchange of information is also in force in Luxembourg since 2013, following the partial implementation of the Administrative Cooperation Directive 2011/16/EU of May 15 2011 (the Directive). Luxembourg is now moving to the next step and has released a Bill implementing the remaining provisions of the Directive dealing with mandatory automatic exchange of information. Based on these provisions, the Luxembourg tax authorities will be required to communicate automatically to the tax authorities of any other EU member State available information regarding specific categories of income, which concern residents of that other member state.

The provisions of the Directive dealing with mandatory automatic exchange of information cover the following five categories of income: professional income, director fees, pensions, life assurance and real estate income. Information will however only be exchanged automatically if this information is available, that is at the disposal of the tax authorities. Since EU member states may or may not have information at their disposal depending on their tax system, each EU member state has to confirm for which of the five categories of income mentioned in the Directive information is available and will be communicated automatically.

The Luxembourg Bill which implements the Directive confirms the categories of income (three out of the five listed in the Directive) for which information will be communicated by the Luxembourg tax authorities. As information regarding life insurance and real estate is not available to the Luxembourg tax authorities, the Bill indicates that Luxembourg will communicate automatically, that is systematically, only information regarding professional income, director fees, and pensions.

For these three categories of income,

the information will be collected based on the salary slip, pension slip and the withholding tax form applicable to directors' fees. Information will be provided at least once a year and at the latest on June 30 following the calendar year during which the information has become available. The information will be sent using a standard computerised format aimed at facilitating such automatic exchange and based on the existing computerised format pursuant to the provisions of EU Savings Directive 2003/48/EC of June 3 2003.

The automatic exchange of information rules will become effective as of January 1 2015 and will apply to information related to the tax years 2014 and following. This further step confirms the commitment of Luxembourg towards moving forward with transparency and exchange of information in tax matters.

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