

Family Estate Management Company  
"SPF"



BANQUE PRIVÉE  
**EDMOND DE ROTHSCHILD**  
EUROPE



# Contents

<b>Introduction</b>	<b>4</b>
---------------------	----------

---

<b>Legal regime</b>	<b>5</b>
---------------------	----------

---

- A. Corporate form
- B. Corporate object
- C. Shareholders

<b>Tax regime</b>	<b>6</b>
-------------------	----------

---

- A. Exemption regime
- B. Subscription tax
- C. Supervisory body

## Introduction

Banque Privée Edmond de Rothschild Europe gives great importance to the quality of its relations with its clients, a quality founded on professionalism and trust.

More especially, "the Financial Engineering and Estate Planning Department" of Banque Privée Edmond de Rothschild Europe in Luxembourg offers its clients a personalised service in respect of the setting up and domiciliation of Luxembourg companies, in the context of both professional and private restructuring projects.

In addition, Banque Privée Edmond de Rothschild Europe, acting in its capacity as domiciliary agent, can put at companies' disposal a registered officer, administrators as well as an auditor.

The Bank also gives assistance in relation to drawing up Articles of Incorporation and takes care of the ancillary duties such as relations with banks, notaries and competent administrations.

These administrative duties also include the organisation of board meetings, shareholders' meetings, the completion of all legal formalities as well as all secretarial services.

The Bank also takes care of the accounting for these companies, the preparation of the annual accounts and their publication.

Finally, this service includes assistance with tax issues; ie regarding the location and type of company, the opportunity to establish other dependent entities, appropriate tax agreements aimed at avoiding double taxation as well as taking into account the personal tax situation of the client and his family.



# Legal regime

Since 11 May 2007, Luxembourg has introduced a new structure, ie a Société de Gestion de Patrimoine Familial or SPF.

An SPF is an asset management vehicle intended for individuals whose activities are limited to the simple holding, management and realisation of financial assets to the exclusion of all economic activity.

## A. Corporate form

An SPF can be set up in the form of a:

- ▶ Public limited company (SA).
- ▶ Private limited company (SARL).
- ▶ Limited partnership with shares (SCA).
- ▶ Co-operative organised in the form of an SA.

Partnerships excluded.

## B. Corporate object

The sole corporate object of an SPF must be:

- ▶ Acquisition, Holding, Management.
- ▶ Realisation of financial assets (financial instruments within the meaning of the Law of 5 August 2005 on Financial Guarantee Contracts) and cash and assets of any kind whatsoever held in an account, to the exclusion of all commercial activity.
- ▶ Holding of a stake provided there is no interference in the management of the subsidiaries.

Prohibited activities:

- ▶ Direct acquisition of a property.
- ▶ Granting of interest bearing loans to its subsidiaries.

## C. Shareholders

The shareholders of an SPF must form a restricted circle:

- ▶ Family group.
- ▶ Investment club.
- ▶ Or any defined circle of investors wishing to jointly manage all or part of their private savings.

The shares cannot be the subject of a public offering or be listed on a stock market. The shares can be issued to the bearer.

Investors authorised to hold shares or partnership shares issued by an SPF are:

- ▶ Individuals acting within the framework of the management of their private assets.
- ▶ Asset management entities acting exclusively in the interests of the private assets of one or more individuals (trusts and foundations).
- ▶ Intermediaries acting on behalf of one of the above-mentioned investors (in a fiduciary capacity).

# Tax regime

Just like H29s, SPFs are excluded from the benefit of double tax treaties to prevent double taxation concluded by Luxembourg and cannot claim the Parent/Subsidiary Directive 90/435/CEE.

## A. Exemption Regime

### 1. Principle

An SPF is exempt from corporate income tax and net wealth tax. It enjoys a subjective exemption regime. This regime encourages investment of savings from assets by deferring tax on capital revenue provided that capital revenue is reinvested within the framework of the SPF. The tax will therefore be levied when the capital revenue is paid to investors who realise their income in the form of interest or dividends.

#### - Payment of dividends:

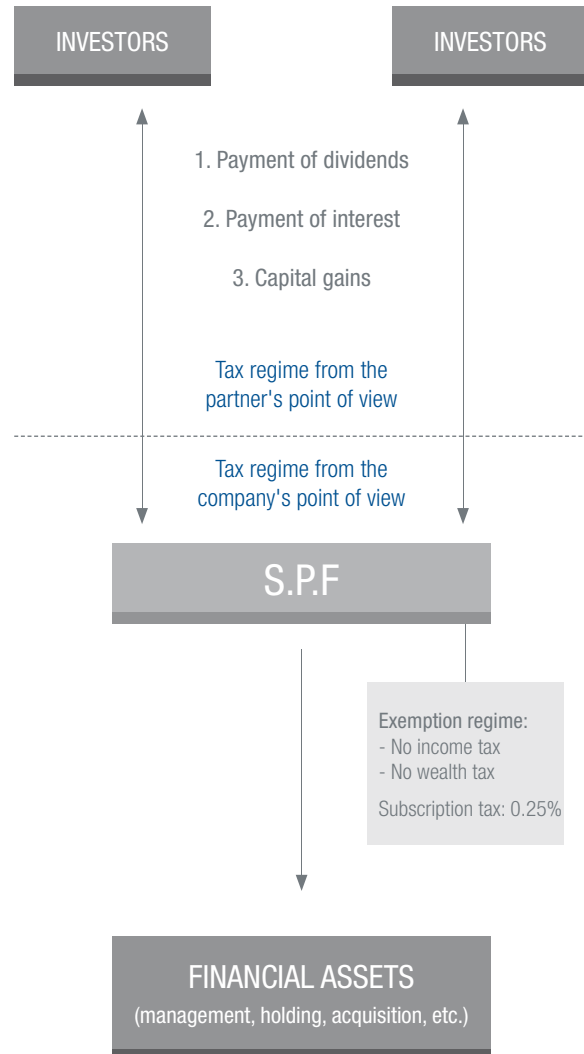
Individual investors, resident in Luxembourg for tax purposes: income tax (19% maximum). Individual investors not resident in Luxembourg for tax purposes: no Luxembourg withholding tax. Taxation of non-residents according to the tax system in their country of residence.

#### - Payment of interest:

Individual investors, resident in Luxembourg for tax purposes: 10% withholding tax. Individual investors, resident in the EU for tax purposes: 15% withholding tax (01.07.2005 to 30.06.2008); then 20% (01.07.2008 to 30.06.2011); 35% (from 01.07.2011) or exchange of information between countries. Individual investors outside of the EU: no Luxembourg withholding tax; taxation in their country of residence.

#### - Capital gains:

Individual investors, Luxembourg tax residents: short-term capital gain (less than 6 months: full rate income tax from 0% to 38%). Long-term capital gain (more than 6 months): exempt from income tax except if the transfer of an investment is deemed to be greater than 10%: taxation at half the global rate of income tax, i.e. 19%. Individual investors, Luxembourg non-tax residents: no withholding tax; taxation of non-residents according to the tax system in their country of residence.



## 2. Limits

An SPF can lose the benefit of an exemption regime for the current financial year if more than 5% of the dividends received in the course of a financial year come from investments in non-resident and non-listed companies which are not subject to a tax comparable to the Luxembourg corporate income tax (10,50%).

## B. Subscription tax

An SPF is subject to an annual subscription tax of 0.25%, although the amount of tax due cannot be less than EUR 100, or more than EUR 125,000 each year.

The subscription tax is calculated on the paid-up share capital plus the share premiums and the portion of debt exceeding eight times the paid-up share capital and share premiums as at 01 January.

The subscription tax is declared on a quarterly basis on a form supplied by the Registration and Domains Authority.

## C. Supervisory body

The tax authority responsible for inspecting an SPF is the Registration and Domains Authority.

It is up to the paying agent or, failing that, an authorised auditor or accountant, to produce a certificate each year certifying that the SPF is complying with the law.

The director of the Registration and Domains Authority can order the benefit of the tax provisions to be withdrawn if he notes that the SPF is not fulfilling its obligations.

This is a non-contractual advertising document and not a recommendation to acquire or to dispose of financial instruments or other financial products. NB: the remarks and analyses appearing in this presentation reflect the view of the Banque Privée Edmond de Rothschild Europe on the markets and their evolution, considering its expertise, economic analyses and information currently possessed. When such information is provided by third parties, such as service providers specialising in the provision of financial services or regulated markets, the Banque Privée Edmond de Rothschild Europe shall assume no liability for their quality or accuracy. Such information is only given on a purely indicative basis by the Banque Privée Edmond de Rothschild Europe and should not be interpreted as a confirmation by the Banque Privée Edmond de Rothschild Europe or as a reflection of any exact financial value. The reader is obliged to check personally with the sources quoted about the information provided by the Banque Privée Edmond de Rothschild Europe. In no event shall the Banque Privée Edmond de Rothschild Europe be bound by any decision on investment, disinvestment or conservation taken on the basis of the said remarks, analyses and data which are provided for information only. It is the responsibility of each investor, and it is highly recommended, that they obtain the different regulatory specification sheets for each financial product prior to any investment, in order to analyse its risk and to forge their own opinion independently of the Banque Privée Edmond de Rothschild Europe, obtaining the opinion of specialist advisers on these questions in order in particular to ensure the appropriateness of the investment having regard to their financial and legal situation. Past performances (gross of commissions, costs and other charges which may be raised by the Banque Privée Edmond de Rothschild Europe) and volatilities are no forecast of future performances and volatilities, and are not constant over time. They may be affected by a fluctuation of exchange rates. The performances of investment funds generally reflect the evolution of the Net Asset Value without integrating possible dividends. It is expressly stipulated that this document is not intended for persons subject to a legislation prohibiting them from access to such information in view of their nationality or their domicile. The information appearing in this presentation may be neither reproduced nor used, either totally or partially. The articles of incorporation, the full prospectus, the simplified prospectus, as well as the annual and semi-annual reports of the investment funds can be obtained upon request and free of charge from the head office of the Representative at 20 Boulevard Emmanuel Servais, L-2535 Luxembourg.

**BANQUE PRIVÉE EDMOND DE ROTHSCHILD EUROPE**  
**FINANCIAL ENGINEERING AND ESTATE PLANNING**  
20, Boulevard Emmanuel Servais  
L-2535 Luxembourg  
T +352 24 88 1  
[www.groupedr.eu](http://www.groupedr.eu)