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CORPORATE INFORMATION

Luxembourg 1990 Soparfi (as a holding Company)

General	
Type of entity	1990 SOPARFI Holding
Type of law	Civil
Shelf company availability	No
Our time to establish a new company	2 days
Minimum government fees (excluding taxation)	Not applicable
Corporate Taxation	Normal rates
Double taxation treaty access	Yes
Share Capital or Equivalent	
Standard currency	Euro
Permitted currencies	Any
Minimum paid up	Euro 31,000
Usual authorised	Euro 31,000
Directors or Manager	
Minimum number	Three
Local required	No but advisable
Publicly accessible records	Yes
Location of meetings	Anywhere
Members	
Minimum number	Two
Publicly accessible records	No
Location of meetings	Anywhere
Company Secretary	
Required	No
Local or qualified	No
Accounts	
Requirement to prepare	Yes
Audit requirements	Yes
Requirement to file accounts	Yes
Publicly accessible accounts	Yes
Other	
Requirement to file annual return	Yes
Change in domicile permitted	Yes

OVERVIEW

The 1990 Soparfi is a normally taxed European company, subject to full taxation and is fully protected and subject to the provisions of Luxembourg's double tax treaties. Luxembourg has however managed to conform to the European Commission Directives on dividends and capital gains in such a way that the Luxembourg Soparfi is one of the most efficient holding companies in Europe.

COMPANY INFORMATION

Type of Company
1990 Société de Participation Financière (SOPARFI) Holding Company (SA).

Procedure to Incorporate
The Articles of Incorporation (The Acte de Constitution), must be prepared in the form of a deed. This deed should include:

- The name of the person(s) wishing to form the corporate entity.
- The address of the Registered Office.
- The amount and currency of the authorised and issued share capital.
- Type of shares and classes.
- Amount of capital paid up.
- Voting rights and shares.
- Names, addresses and nationalities for the proposed directors and auditors.

A Certificate of Name Acceptability issued by the Trade Register is required, together with a Certificate of Blockage produced by the proposed company's Luxembourg bankers confirming that the paid capital has been deposited with them. These documents and information must be presented before a Notary Public by the proposed company's appointed representative. After notarisation, the Notary Public lodges the Articles of Incorporation and By-Laws with the Department of Registration and Trade Register. The Articles of Incorporation are then published in the Official Gazette.

Restrictions on Trading
The 1990 Soparfi is normally set up as a holding company. If it were set up as a trading company it would need authorisation to do business.

Summary of the Advantages of a 1990 Soparfi
Companies investing in shares can benefit from the affiliation privilege. This means that these companies are fully subject to corporation tax, but exemptions are granted by law for the following:

- Dividends received from shareholdings
- Capital gains made on the sale of shareholdings
- Liquidation gains on liquidation of companies in which shares are held.

This corporate tax exemption is granted with the following conditions:

- Dividend and liquidation gains exemption on shareholdings of at least 10% or a cost of at least EUR 1,2 million held for an uninterrupted period of 12 months.
- Capital gains exemption of shareholdings of at least 10% or costs of at least EUR 6 million held for an uninterrupted period of 12 months.
- Under certain conditions financing costs; value adjustments and administration expenses are tax deductible.
- Zero withholding tax can apply to dividends paid to a EU Parent.
- Withholding tax on dividend payments to non-EU countries may be reduced through tax treaty relief.

Powers of Company
As dictated by the objects in the Articles of Incorporation.

Language of Legislation and Corporate Documents
The Legislation is published in either French or German. The corporate documents can be in any language, provided they are accompanied by a French or German translation.

Registered Office Required
Yes, must be maintained in Luxembourg.

Shelf Companies Available
Due to the costs associated with incorporation and paid up capital requirements, shelf companies are not available.

Time to Incorporate
Subject to adhering to the pre-requisite criteria, a company can be incorporated in two days.

Names Requiring Consent or Licence
The French, German and foreign names for bank, buildings society, savings, insurance, assurance, reinsurance, fund management, investment fund, council, municipal, co-operative or the foreign language equivalent.

Suffixes to Denote Limited Liability
Société Anonyme, SA or AG.

Disclosure of Beneficial Ownership to Government Authorities
No.

COMPLIANCE

Authorised and Issued Share Capital
The minimum Authorised Share Capital of a 1990 Company with Soparfi provisions is EUR 31,000 all of which has to be issued and fully paid up. The capital can be expressed in any currency.

Classes of Shares Permitted
Registered shares, bearer shares, preference shares and shares with or without voting rights.

Taxation
Under the Luxembourg 'affiliation privilege' (or 'participation exemption'), dividends and capital gains may be exempt from tax.

The only taxes payable by the holding company are the Capital Registration Duty (Droit d'Apport 1%) on incorporation and subsequent increases of capital.

Dividends received from any company in which the Soparfi, a branch of a foreign company resident in Luxembourg or a partnership in which the Soparfi is a partner, has at least a 10% shareholding (or if less, whose acquisition cost was at least EUR 1,2 million) are excluded from taxable profit if the shares were held for 12 months.

Capital gains derived by these entities from the sale of shareholding in other companies are also excluded from taxable profit if held for at least 12 months and if they represent at least a 10 % shareholding (or less if the acquisition cost was at least €6,000,000.

Additionally the EC Parent-Subsidiary directive 90/453 of 23 July 1990 also apply.

Domestic taxpayers are liable to tax on their worldwide income, subject to the restrictions embodied in double taxation conventions. Foreign income tax may, however, be offset against Corporation Tax. Non-resident taxpayers are liable to tax on the income of their Luxembourg permanent establishment. Taxable profit is assessed on the basis of a net worth.

Real estate is assessed at a reduced value (1941 market value) and qualified equity investments are exempt (participation exemption).

A Net worth tax is levied on total gross assets reduced by the debts of the company. This tax amounts to an annual rate of 0.5%. It can be offset against the Corporate Income Tax liability. To benefit from this tax credit, the taxpayer must allocate profits equivalent to five times the Net Worth Tax set off to a special reserve before the following financial year-end. The tax credit cannot be brought forward.

Double Taxation Agreements
Luxembourg has entered into many double tax treaties agreements.

Treaties have been concluded with: Austria, Belgium, Brazil, Bulgaria, Canada, China, Czech Republic, Denmark, Finland, France, Germany, Greece, Hungary, Iceland, Indonesia, Ireland, Israel, Italy, Japan, Korea, Latvia, Lithuania, Malaysia, Malta, Mauritius, Mexico, Mongolia, Morocco, Netherlands, Norway, Poland, Portugal, Romania, Russian Federation, South Africa, Singapore, Slovakia, Slovenia, Spain, Sweden, Switzerland, Thailand, Trinidad and Tobago, Tunisia, Turkey, United Kingdom, United States of America, Uzbekistan and Vietnam.

Non-ratified treaties: Argentina, Azerbaijan, United Arab Emirates, Estonia, Georgia, Moldavia, San Marino and Ukraine.

In negotiation: Chile, India, Lebanon, Serbia and Montenegro and Yugoslavia.

Withholding Taxes
Interest payments are not subject to Withholding Tax in Luxembourg.

In Luxembourg there is a 20% Withholding Tax on dividends paid by taxable companies. The various double taxation treaties concluded by Luxembourg provide for reduced rates (generally 5%).

In Luxembourg law, surpluses on liquidation are not qualified as dividends. Therefore, surpluses on liquidation are not subject to Withholding Tax.

The application of the Luxembourg participation exemption regime has also been extended to Luxembourg branches of foreign companies. The exemption from dividends paid by Luxembourg qualifying companies to qualifying shareholders was also extended to dividends distributed to Luxembourg branches of EU or treaty country resident companies. Luxembourg does not levy any tax on profit repatriation by a branch to its head office.

Licence Fees
Not applicable.

Financial Statement Required
Yes. An annual audit is compulsory and abbreviated accounts are filed and accessible to the general public.

Directors
The minimum number of directors is three. They may be natural persons or bodies corporate. They may be of any nationality and need not be resident in Luxembourg but to follow the rules of the "permanent establishment" a majority of local directors is advisable.

Company Secretary
The Luxembourg Companies Acts do not provide for the appointment of a company secretary.

Shareholders
The minimum number of shareholders is two.

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