

LEASING OF GOODS AND TAX CREDIT

Luxembourg tax law provides various incentives, with specific requirements, in the different areas of activities, among which the investment tax credits.

The domestic law requires that the tax credit is limited to investments that are made within a Luxembourg business establishment and that are intended to be used permanently in Luxembourg.

Businesses active in the logistics sector or any type of industry that requires important movable investments can benefit from tax credits for investments under certain conditions.



ACCURATE ANALYSIS

- ▶ Review of the business activity and the medium to long term strategy in order to assess whether the conditions for the application of the investment tax credit can be met, in an efficient way from a direct tax and VAT point of view
- ▶ Comprehensive analysis of all aspects in order to perform a full assessment; this should include, in addition to the available direct tax credit, notably an analysis of the possibility to recover VAT incurred on the investment assets, the impact on the VAT reporting obligations in all concerned countries as well as the cash flow costs potentially triggered by the new set up
- ▶ Review of all flows, accounting and processes to determine to which extent digitalization of functions could be foreseen as part of the structure review

TAX EFFICIENCY OF THE STRUCTURE

- ▶ Consider using the VAT group provisions in case of domestic intra-group transactions
- ▶ Ensure that the accounting set up allows tracking transactions for an automated processing of VAT refund claims and mitigating administrative burden
- ▶ Consider automating the VAT reporting processes
- ▶ Potential mitigation of the cash flow costs due to differences in applicable VAT rates, increase of VAT deductions right and faster processes of VAT refunds
- ▶ Possibility for the Clients to benefit from a Tax credit for investments made in Luxembourg

HOW EY CAN SUPPORT

Our network of dedicated tax professionals combines deep technical and industry knowledge, supported by advanced technology, tools and methodologies. We can help you to identify VAT risks and opportunities efficiently and effectively.

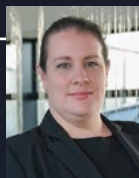
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