Luxembourg Budget Law 2020 voted that Pre-2015 tax rulings expire at the end of 2019

The 2020 Budget Law[1] was approved by the Luxembourg Parliament on 19 December 2019 (Draft law n° 7500). Within this law a new paragraph 29b of the Luxembourg General Tax Law has been introduced which stipulates that tax rulings granted before 1 January 2015 **expire automatically by the end of the fiscal year 2019**.

While Pre-2015 tax rulings did not deal with the validity period of the rulings granted by the Luxembourg Tax Authorities and therefore might have bound the authorities unlimitedly, the aim is now to ensure consistency between the "old" and the current tax rulings procedures.

With effect as from 1 January 2015, Luxembourg has **formalized such procedures** by establishing a ruling committee, introducing an administrative fee and limiting the validity of the tax ruling to **5 years**.

This measure also has an immediate impact for the taxpayer on the **annual net wealth tax** as of 1 January 2020.

All taxpayers are invited **to file a new tax ruling request** in order to assure that the transactions covered still keep their effects. However, the request will now be governed by the formal process implemented in 2015 and subject to exchange of information with foreign authorities. In deviation of the general principle that all tax rulings need to be filed prior to the implementation of the respective measures, the Luxembourg Tax Authorities agreed for the renewal of a Pre-2015 tax ruling that:

- for taxpayers whose tax year closes on 31 December 2019, the request may still be submitted in the course of 2020;
- for taxpayers with diverging (non-calendar year end closing) years, the request has to be submitted before their 2020 closing date, to cover the ongoing tax year.

This change in legislation should be considered by the taxpayers as an opportunity **to verify the validity of their classic structures** and if needed, start exploring the possible impact from BEPS measures recently implemented into Luxembourg tax law.

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[1] Published in Mémorial A – n° 886, on 23 December 2019