

DOING BUSINESS IN LUXEMBOURG

WRITTEN IN CONJUNCTION WITH TMF GROUP



“Offering a central location and fast access to some of the world’s premier markets, Luxembourg is well established as one of Europe’s top business expansion hubs.”

Situated near some of Europe’s most prosperous markets, Luxembourg is an ideal place to offer businesses a staging ground for international expansion. Luxembourg boasts an appealingly progressive business climate and a highly advanced, diversified economy.

Given a favorable mix of prime location, market-friendly government policies and high-end infrastructure, Luxembourg is an enticing place to both live and work. Yet despite these inherent advantages, there are still challenges that newcomers to the market must negotiate.

REASONS FOR DOING BUSINESS IN LUXEMBOURG

Offering a central location and fast access to some of the world’s premier markets, Luxembourg is well established as one of Europe’s top business expansion hubs. Its central airport ranks seventh in size among all European air cargo hubs and is home to some of the world’s top freight carriers. Luxembourg’s railways are also well-placed and efficient, offering good access to North Sea ports, and making the country a hinterland port of key cities such as Antwerp, [Amsterdam](#), [Hamburg](#) and [Rotterdam](#).

What Luxembourg lacks in size, it more than makes up for in wealth. It ranks among the world’s most prosperous nations, and tops both the Global Competitiveness Index and Global Innovation Survey. Luxembourg is a major research and development hub, and serves as a base of research operations for a number of multinational corporations, including Goodyear and DuPont.

Luxembourg is also noted for its highly skilled, multicultural and multilingual workforce, competitive taxes and high quality of life. The small country is also a major private banking center, ranked sixth in the world and first in the Eurozone.

Luxembourg’s government’s ability to attract international business is well known. The country also displays a willingness to promote open dialogue between trade unions, regulators and corporate representatives. All these factors contribute to the Luxembourg’s reputation as being an ideal location for doing business.

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BUSINESS CHALLENGES IN LUXEMBOURG

Though Luxembourg offers myriad advantages for new businesses, there are specific challenges which must be addressed. The World Bank and International Finance Corporation rank Luxembourg 82nd in the world for ease of starting a new business—a drop of seven spots from the 2013 ranking. Acquiring a business license may take up to two weeks, and capital requirements must be satisfied before moving forward.

The process of securing credit is also tricky. There is a scarcity of information available through private credit bureaus and public registries. The lending cycle is also constrained by the relative weakness of local bankruptcy and collateral law.

Businesses must pay 23 taxes annually in Luxembourg, taking an average of fewer than 60 hours to process. Corporate tax rates are generally low, yet a few taxes—such as property tax and net wealth tax—can put a dent in both personal and corporate bottom lines.

The property registration process also requires some negotiation. Notaries are required to draft and authenticate sale agreements, conduct property registry searches and notify tax officials of transfers. Notaries must also register transfer deeds at the Administration de l'Enregistrement et des Domaines.



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CONCLUSION

It can sometimes take years for a company to accrue enough local knowledge to operate without needless difficulty. This interval can be greatly shortened by partnering with experts who have deeper awareness of local laws and regulations. This is doubly important when it comes to the more challenging aspects of expanding operations in this region.

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