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LUXEMBOURG FAMILY WEALTH MANAGEMENT COMPANY (SPF) OVERVIEW

The Luxembourg private wealth management company (SPF) is regulated by the Law of 11 May 2007 and thereafter amended by the Law of 18 February 2012, is classified as a private wealth management vehicle that allows investors to structure their estate in a simplified, flexible, and unregulated manner for various purposes. These unique characteristics make family wealth management companies (SPF) an attractive investment vehicle for foreign and local investors alike.



Leveraging Luxembourg's position as a highly modernized financial hub, private individuals can quickly establish their assets' financing and holding in the form of a family wealth management company.

Practical Applications

The Luxembourg private wealth management company (SPF) is a traditional capital company that significantly benefits from various tax exemptions, provided all conditions are met.

A Luxembourg private wealth management company (SPF) can take various legal forms, including:

- Public limited company
- Private limited liability company
- Limited partnership with shares
- Cooperative company structured as a public company

Limited liability to contributions is guaranteed, resulting in stable vehicle management that uses investment derived from borrowing. A Luxembourg private wealth management company (SPF) may only hold a stake in a company provided that it does not cause conflict in its management.

The Luxembourg private wealth management company (SPF) is designed to create a systematic legal framework for private asset management. It will serve as an investment tool exclusively for natural persons acting as managers of their own private assets.

The single aim of a Luxembourg private wealth management company (SPF) is to facilitate the acquisition, holding, management, and realization of financial assets.

However, a Luxembourg private wealth management company (SPF) are prohibited from engaging in the following:

- Operate commercial activities or render services
- Acquire buildings or immovable properties
- Hold intellectual property rights
- Grant interest-bearing loans
- Enter life insurance contracts

A Luxembourg private wealth management company (SPF) is limited to private asset management use. It is not bound by preconceived asset management; hence is free from risk distribution principles established by Undertakings for Collective Investment (UCI).

Luxembourg Private Wealth Management Company (SPF) Eligible Investors

- Private investors
- Entities that serve the interest of private property holders and multiple individuals (Trust, Private Foundations, and similar organizations)
- Intermediaries that work on behalf of entities mentioned above (institutional investors acting with a depositary contract)

Luxembourg private wealth management company (SPF) Supervision and General Provisions

- No authorizations are required to form a private wealth management company (SPF).
- All commercial activities are prohibited.
- Assessed with tax supervision of the indirect tax by Luxembourg's Registration and Administration of Domains)
- The registration seat or central administration should be based in Luxembourg.
- It is not required to obtain authorization or licensing before its establishment or throughout its lifetime.
- To fulfill its corporate purpose, a Luxembourg private wealth management company may hire personnel, rent real estate properties, and enter into contracts with service providers, including investment companies, financial advisors, and financial institutions.

Minimum share capital may vary depending on the legal form chosen:

- S.A. and S.C.A.
- Capital share may be in cash or in-kind
- Must be fully subscribed and secure minimum payment of 25% for S.A. and 100% for

Luxembourg Private Wealth Management Company (SPF) Investment Structuring

A Luxembourg private wealth management company (SPF Functions as a passive investment vehicle for the following applications:

- Family asset and succession planning
- Matrimonial property management

According to the Law of 5 August 2005, a Luxembourg private wealth management company (SPF) is permitted activities are limited to the following:

- Acquisition, holding, and sale of financial assets
- Financial collateral arrangements in equities, debt instruments, shares, options, transferrable securities, derivatives, cash, and structured investments.

While a Luxembourg private wealth management company (SPF) is prohibited from rendering services, including interest-bearing loans, it is permitted to make cash advances or guarantee liabilities for entities that hold participation in an incidental manner.

A Luxembourg private wealth management company (SPF) may not engage in managing entities in which it holds participation. This is applicable even when the company owns majority shares and management rights. Despite this, a Luxembourg private wealth management company (SPF) may still exercise voting rights. The abovementioned limitations do

Luxembourg Private Wealth Management Company (SPF) Taxation

- Exempted from corporate income tax
- Exempted from municipal business tax
- Exempted from net worth tax
- No capital duty upon incorporation
- Registration duty of
- No withholding tax on interest payments, except in cases where the EU Savings Directive is applicable
- Subscription tax rate of 0.25%, set at a minimum of

For an in-depth review and understanding of Luxembourg's private family wealth management company (SPF) and other investment funds, you may contact our Damalion experts today.

This information is not intended to be a substitute for specific individualized tax or legal advice. We suggest that you discuss your specific situation with a qualified tax or legal advisor.

DAMALION

☎ (+352) 20 33 1 123 ✉ contact@damalion.com
8-10, rue Mathias Hardt L-1717 Luxembourg

 www.damalion.com  [damalion](https://www.linkedin.com/company/damalion)