

Praxio Legal Alert

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Lux Golden Visa



On 8 February 2017, the Luxembourg Parliament has adopted the Bill of Law Nr. 6992 amending inter alia, the law dated 29 August 2008 on freedom of movement of individuals and immigration, implementing new possibilities for investors to apply for residency permit in Luxembourg (the “**Bill of Law**”). A regulation (the “**Regulation**”) has been adopted on 5 December 2017 in order to define eligible activities.

I. Conditions for the application

The residency permit is granted by the ministry to a third country resident (i.e. resident of a country outside the European Union and the EEA) if the following conditions are fulfilled :

- 1- **Subject to the Regulation**, the applicant invests at least **EUR 500,000** in an existing Luxembourg Company having its registered office in Luxembourg carries out a commercial, artisanal or industrial activity, and commits to maintain the investment and the employment within that company at the same level for a period of at least 5 years (except in case the company faces financial difficulties); or
- 2- **Subject to the Regulation**, the applicant invests at least **EUR 500,000** in a company to be incorporated in Luxembourg carries out a commercial, artisanal or industrial activity and commits to create at least 5 job positions, in collaboration with the Luxembourg employment agency (*Agence pour le développement de l’Emploi*), within 3 years as from the incorporation of the company; or
- 3- The applicant invests at least **EUR 3,000,000** in an investment and management structure, already existing or to be created, in Luxembourg and maintains an appropriate substance; or
- 4- The applicant invests at least **EUR 20,000,000** in the form of a cash deposit at a bank institution established in Luxembourg and commits to keep this investment for at least 5 years.

II. Specific conditions for residency permit application

Residence permit is subject to the following restrictions:

- Real estate investments are excluded from the scope of investments giving right to the residency permit (real estate acquisition or renting);
- Investments in point 1.1 can be done through intermediary-investment structures;
- The investor must be the beneficial owner of the assets deposited or invested;
- Transactions remain subject to the AML regulation and in particular the law of 12 November 2004 on the fight against money laundering and terrorist financing (as amended from time to time);
- The investments under I.1, I.2, I.3 consist of at least 75% equity. The remaining 25% can consist of loans having a maturity of at least 3 years;
- The investment under 1.4 must be 100% equity.

III. Granting and validity of the residency permit

The applicant who proves to have an appropriate housing in Luxembourg will be granted an investor residency permit for a duration of 3 years. A verification of the conditions is made by the ministry within 12 months after the granting of the residency permit. If the conditions are no longer fulfilled, the applicant can be granted an extension of 12 months to fulfill his/her obligations. If the situation remains non-compliant after this period, the minister can withdraw the residency permit. The residency permit can be renewed on demand and after recommendation of the ministry for a duration of 3 more years. The applicant must be in a position to produce any document to the administration in case of verification.

The holder of a residency permit can also apply for a business licence in Luxembourg (investments under I.1 and I.2) if he/she has the required professional qualification / honorability as required for business licence applications under the applicable law of 2011.

IV. In practice: the Regulation (which is applicable to investments as detailed in points I. 1 and I. 2), specifies that the eligible sectors of the Luxembourg economy are as follows:

1. information and communication Technologies: (e.g.: data centers... (Skype, PayPal, SES...)).
2. space Technologies (see recent space mining law);
3. environmental technologies;
4. intelligent mobility technologies;
5. health technologies;
6. logistics, excluding simple road transport without any other activities which create economic added value;
7. industrial sector - provided that production or research and development will be located in Luxembourg;

8. tourism sector - for regional or national tourism infrastructure projects as well as hotel projects of more than 25 guest rooms;

9. commercial activities related to the creation, extension, takeover, transfer or change of one or more main commercial branches of a commercial surface whose sales area is equal to or greater than 400 m².

A robust business plan shall be prepared before any application. Before any investment is made, the project shall be submitted to the Ministry.

The investment project can also be made with several investors: in this case the individual and the number of employees as required under I.1. and I.2 remain the same for the project.

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