

SOPARFI - Legal framework

The SOPARFI is established principally with a view to taking financial holdings, in any form whatsoever, in Luxembourg or foreign companies, and with a view to the management and development of those holdings.

The SOPARFI is a company under Common Law which may be incorporated in the form of a public limited liability company (SA), a private limited liability company (SARL) or a limited partnership (SCA).

As a company under Common Law, it is in principle taxable at the rate of 29.63%.

It may sometimes benefit from various exemptions.

The fiscal regime in relation to the fiscal privilege of parent companies and subsidiaries is applicable and it benefits from double taxation agreements.

Fiscal provisions

Exemption of dividends
Exemption of capital gains on transfer
Exemption of liquidation profits

in the following hypotheses:

15% retention at source:

- is applied in principle to **dividends** paid to companies resident in a Member State of the European Union; it may nonetheless be reduced by application of the double taxation agreements between Luxembourg and numerous countries, or by application of the fiscal privilege of parent companies and subsidiaries.

- **dividends and liquidation profits** are exempt on condition that on the date when the dividends are paid the SOPARFI holds or undertakes to hold directly for an uninterrupted period of at least twelve months at least 10% in the distributing company.

If there is no such percentage, it is accepted that the quota of capital held must be € 1,200,000.

- the exemptions of **capital gains** may be realised on condition that the SOPARFI holds at least 10% of the capital of the company concerned or, if not, that the acquisition price for that holding amounts to at least € 6,000,000.

At present, the contribution duty levied on the value of the capital contributions is 0.5%.

Within the context of an optimisation of income, of a minimisation of capital gain, if necessary of preparation for an inheritance or within the context of a fund, the advantages of a SOPARFI are clear and lead both individuals and companies to use this type of incorporation.

News

Globalserve is glad to announce the Moscow Conference on "INTERNATIONAL TAXATION & ASSET MANAGEMENT IN TURBULENT TIMES" which takes place on the 2nd of June. Bank of Cyprus is sponsor of the conference. For more information visit our website

www.globalserve.com.cy

GIN Profile

Globalserve International Network (GIN) is an International Network of independent professionals, business consultants, accountants, lawyers, bankers, wealth asset and finance managers dealing with international tax issues and wealth asset management.

Legal Disclaimer

Globalserve International Network (GIN) has taken all reasonable care to ensure that the information herein contained were accurate on the stated date of publication, however, it disclaims all express and/or implied warranties with regard to the accuracy of the information contained in the published materials.

Contact us