



## Société de gestion de Patrimoine Familial (SPF) – Vehicle for managing family wealth

There are many situations in which an individual could benefit from organising part of their patrimony in a structure with a distinct legal personality. These include succession planning, the organisation of management powers within a family business, speculative operations or borrowing.

With the law of 11 May 2007, the Luxembourg government created a vehicle designed for the management of individuals' private wealth: the société de gestion de patrimoine familial (SPF). It is a simple, flexible wealth management vehicle that conforms with EU regulatory requirements.

SPF companies may be incorporated under the form of:

- a public limited company (société anonyme),
- a private limited liability company (société à responsabilité limitée),
- a partnership limited by shares (société en commandite par actions)
- or a cooperative organised under the form of a public limited company.

## Taxation

The SPF is exempt from income tax and net wealth tax.

No withholding tax applies to interest payments except for interest paid to Luxembourg tax resident individuals and individuals who fall within the scope of the European Savings Directive. Dividend distributions and liquidation proceeds are not subject to any withholding tax.

The SPF cannot benefit from most double tax treaties signed by Luxembourg or from the European parent-subsidiary directive (90/435/CEE dated 23 July 1990).

## Shareholding

The SPF is restricted to the following eligible investors:

- Individuals acting within the scope of the management of their private wealth;
- Entities acting solely in the interests of the private wealth of one or more individuals;
- Intermediaries acting on behalf of the above investors.

Each investor has to confirm in writing to the Domiciliation Agent or, failing that, to the Directors of the SPF, that it is an eligible investor.

The shareholders of the SPF must be a limited group of investors. Shares issued by an SPF cannot constitute a public offering, nor can they be listed on any stock exchange.

A professional acting on behalf of the SPF (such as a domiciliation agent, an authorized auditor or a chartered accountant), must certify on a yearly basis that the SPF complies with the conditions laid down by law.

## Capital contribution duty

As from 1 January 2009, the 0,5% capital contribution duty has been abolished and replaced by a fixed registration fee of EUR 75,-.

## Liabilities

The SPF may be financed by debt, consisting of bank loans, shareholder loans or private bond issues, within a ratio amounting to 8 times its share capital increased by share premiums.

## Subscription Tax

The SPF is subject to an annual subscription tax (taxe d'abonnement) of 0.25%, calculated on the subscribed and paid-up share capital (increased by any share premiums). The subscription tax cannot be less than EUR 100 and exceed EUR 125,000 and applies to capital only and not to debt except if the debt are upper 8 times of the capital.

## Permitted activities

Management of a portfolio of transferable securities (e.g. shares, bonds, Sicav's);

Acquisition of participations in other companies limited by shares provided that the SPF does not intervene in the management of the latter;

## Prohibited activities

Industrial or commercial activities;

Purchase or direct ownership of real estate;

Holding intellectual property;

Granting interest bearing loans;

Involvement in the management of its participations.

## Applications

Instrument for succession planning;

Family wealth management vehicle.

For further information, please contact:

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