

Israel Desk E-mail Bulletin

This e-mail bulletin is issued by the Israel Desk of Loyens & Loeff. It is intended to provide you on an ad hoc basis with news flashes or background information on topical corporate, finance and tax law issues in the Benelux.

**E-mail Bulletin no. 7,
29 September 2008**

Draft Law released to abolish Luxembourg capital duty

Following the announcement made by the Luxembourg Prime Minister in May of this year, a draft law (nr. 5913) has been released abolishing the 0.5% capital duty as from 2009.

The main aspects of the draft law can be summarized as follows:

- The 0.5% capital duty will be abolished as from January 1st, 2009.
- The five year claw-back period for shares contributed pursuant to a transaction that was exempt from capital duty on the basis of article 4-2 of the capital duty law (share merger exemption) will no longer apply after January 1, 2009.
- The fixed capital duty (e.g. € 1250) applicable to undertakings for collective investment (UCIs), Specialised Investment Funds (SIFs), venture capital investment company (SICARs), Pension Savings Companies with Variable Capital (SEPCAVs) and Pension Savings Associations (ASSEPs) will be abolished.
- A fixed registration duty (i.e. € 50 or € 100) will be introduced for (i) incorporation of Luxembourg entities (ii) amendment of the by-laws of Luxembourg entities and (iii) the transfer of seat to Luxembourg.
- Contributions to Luxembourg entities of real estate situated in Luxembourg will be subject to 1.2% registration duty and 0.5% transcription duty in case the contribution is rewarded by shares and to 6% registration duty and 1% transcription duty in other cases. An exemption is available for qualifying reorganisations.

Members of the Israel Desk visit Tel-Aviv on a regular basis. If you would like to make an appointment or would like to receive more information with respect to the above, please feel free to contact jeroen.janssen@loyensloeff.com or any other member of the Israel Desk.

For more information about the Loyens & Loeff Israel Desk please see:
http://www.loyensloeff.com/international_desks/israeldesk.html

Loyens & Loeff is an independent Benelux law firm with over 700 lawyers and offices in the main financial centres around the world. Loyens & Loeff combines an integrated corporate law, regulatory and tax practice.

The members of the Israel Desk strongly focus on Israeli clients that invest or trade in Europe or other regions, as well as on international companies and financial institutions that want to expand their businesses to Israel. The team comprises members from various Loyens & Loeff practice groups.

The experience of the members as regards the Israeli market is combined with their extensive knowledge of international tax law, corporate structuring, banking and securities law, regulatory law, employment law. In addition to being part of the Israel Desk, the members also participate in Loyens & Loeff teams that focus on specific industries and sectors, such as energy, real estate, private equity, fund structuring, corporate finance, and financial products.

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