IN-DEPTH

Tax Disputes And Litigation

LUXEMBOURG

LEXOLOGY

Tax Disputes and Litigation

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In-Depth: Tax Disputes and Litigation (formerly The Tax Disputes and Litigation Review) is a practical overview of the common issues that give rise to tax disputes in key jurisdictions, the procedures for resolving those disputes, and the powers and approach of local tax authorities. With a focus on recent developments, it offers insights into the process, timescale and cost of resolving complex difficulties when they arise across multiple jurisdictions.

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Summary

Introduction

The year 2024 was marked by another decrease of publicly known direct tax litigation cases: the administrative tribunal (which is the court of first instance for disputes related to direct tax matters other than recovery) and the administrative court (an appeal court) issued significantly fewer judgments last year than in previous years, reinforcing a trend started in 2023. Between 2022 and 2024, the total number of judgments dropped by more than 40 per cent.

This change should be viewed in the context of a change of government and parliamentary majority following the October 2023 legislative elections, and the appointment of a new tax authority director. The government and tax authorities aim to enhance legal certainty for taxpayers, which should lead to fewer cases going to court. Additionally, in 2024, there have been several (non-public) instances where the tax authorities chose to drop cases before hearings, in line with their strategy to concentrate resources on cases that stand a good chance of being upheld by the courts. It is yet to be seen if Luxembourg will introduce a type of settlement procedure or other alternative tax dispute resolution mechanisms.

Commencing disputes

For all matters related to direct taxes (personal or corporate income tax, municipal business tax, net wealth tax), if the tax authorities wish to deviate substantially from the tax return filed, they must first send a letter to the taxpayer outlining their intention and the arguments for the deviation.[1] In practice, the outline of arguments is generally quite succinct.

The letter sent to the taxpayer also sets a deadline (of typically two to four weeks) for the taxpayer to respond, after which the tax authorities issue the assessment. Generally, the tax authorities do not give much weight to the taxpayer's answer, and the assessment reflects the position taken in their initial letter.

The taxpayer then has three months from the date of notification of the assessment to file an objection with the Inland Revenue (ACD). The objection is filed in writing and should outline the arguments underpinning the challenge. Additional evidence (e.g., a new transfer pricing report) may be filed.

Importantly, the objection should refer to the correct assessments. For some taxes, where the tax base is set by a separate tax base assessment (municipal business tax base, net wealth tax base), if the challenge relates to the base, it is that tax base assessment that must be challenged and not (solely) the tax assessment that applies the relevant rate to the separately determined tax base.

For value-added tax (VAT), which is the remit of the Registration Duties, Estates and VAT Authority (AEDT), the procedure is similar, but the objection against a rectifying taxation or *ex officio* taxation is first filed with the tax office. If rejected, the taxpayer can ask the director of the AEDT to reexamine the case. It should be noted that, compared with the procedure for direct taxes, VAT audits can more easily get settled, avoiding too much litigation in court.

For both the ACD and the AEDT, the director has at least six months to answer in the following cases:

1. if there is no answer within six months, the taxpayer is allowed to go to court but can also choose to wait longer. The director may, however, still take a decision during the procedure before the courts, in which case that procedure becomes moot. Because many objections remain unanswered, many taxpayers choose to go to court after the end of the six-month period; and
2. if there is a rejection of the objection, the taxpayer avails of three months from the notification of the director's decision to go to court (administrative tribunal for direct taxes and civil courts for VAT and other indirect taxes).

An objection does not have a suspensive effect. In direct tax matters, it is possible to file (in addition to the objection) a payment suspension request with the relevant tax office within the ACD. In practice, it is nearly always rejected.

The courts and tribunals

For direct tax matters, the first instance court is the administrative tribunal and the appeal (and last instance) court is the administrative court.

The tribunal sits in chambers of three judges. Since September 2023, a fifth chamber is dedicated to tax cases. Three judges also sit in court for all cases, but courts are not organised into specific chambers. Both the tribunal and the court review in full the case (i.e., appeals are not limited to matters of law).

In principle, the tribunal and the court are limited by the arguments raised by the parties and do not supplement the lack of argumentation of a party. In practice, it has been seen in some rare occasions that they might side with the tax authorities on grounds different from those raised by the tax authorities.

The procedure is mainly written; participation in an oral hearing is optional. The hearing mainly serves to insist on key arguments and to have a direct confrontation of arguments with the tax authorities.

Before the tribunal, following the introduction of the appeal brief, the tax authorities have three months to respond. Then, the taxpayer has one month to file the reply and the tax authorities subsequently have another month to file a rejoinder, although generally they choose not to file. A hearing date is then set, which is currently around 12 months after the end of the written phase. After the hearing, the tribunal generally takes a few weeks to a few months to issue a judgment. Altogether, the procedure currently takes approximately two years.

The losing party may then appeal to the administrative court within 40 days of the notification of the judgment. The same written procedure applies (up to two briefs per party), except that the delay for filing the reply brief is one month. The hearing often takes place much quicker than in first instance, as the court is less overloaded, and a final judgment is issued within a few weeks (in rare cases, a few months). In general, the appeal procedure takes around a year from filing the appeal brief to receiving the final judgment.

The judgment of the courts is binding only for the parties to the specific case, but the arguments used by the judges can create precedents that will also be applicable in other cases (and thus ideally helping to reduce litigation). However, other taxpayers may still litigate the same legal issue if they disagree with the arguments or consider that it does not apply to their fact pattern.

VAT litigation often takes longer than litigation in direct tax matters, as the civil courts (Luxembourg district court in first instance, Luxembourg court of appeal for the appeal) do not have fixed deadlines for the filing of briefs, and lawyers tend to ask for multiple extensions of the deadline. Also in this case, the focus is on written briefs and a hearing can take place to stress again important arguments.

As alluded to earlier, as an exception to the general rule for litigation in tax matters, litigation regarding the recovery of taxes takes place before the civil courts and not the administrative courts. Nevertheless, as regards the request to suspend the payment obligation of taxes during the judicial procedure, a request can be filed with the president of the administrative tribunal in parallel with the filing of the appeal on the merits of the case. This is an accelerated, oral procedure, whereby a hearing is organised within one to three weeks and a final, non-appealable decision is issued by the president of the administrative tribunal within a few days thereafter.

Penalties and remedies

Penalties

In direct tax matters, the typical administrative penalties are as follows:

1. tax surcharge for late filing of tax returns (up to 10 per cent of the tax amount due, unless the delay is excusable), which is discretionary and not very often applied;
2. a periodic fine if an injunction of the tax authorities is not complied with within a given timeline. This fine can amount to a maximum of €25,000 for failure to file tax returns within the deadline (for other matters, such as failure to respond to an injunction to provide information, the fine can go up to €250,000); and
3. the lack of filing or the filing of intentionally incorrect tax returns can trigger a fine of between 5 per cent and 25 per cent of the evaded tax amount or unduly obtained tax refund.

Payment of taxes is typically due within six months of the late payment interest, which accrues at a rate of 0.6 per cent per month (i.e., 7.2 per cent per year). The same 7.2 per cent annual rate applies to late payment in value-added tax (VAT) matters, with interest running from the notification of an order to pay.

In VAT matters, a range of 'minor' infractions is sanctioned by fines ranging from €250 to €10,000 per infraction. Late payment of VAT to the AEDT can also trigger a fine equal to

10 per cent of the annual VAT due. Recent experience suggests that the VAT authorities are now more easily imposing fines (not up to the maximum amount) in case of late filing, which is likely an attempt to push taxpayers to be more diligent with their obligations.

Penalties imposed by the ACD can be challenged before the ACD director (most of the time, through an objection) and subsequently the administrative courts; penalties imposed by the AEDT can be challenged before the relevant VAT office, then the AEDT director and ultimately the civil courts. The approach is thus very similar to the challenge to tax assessments.

Both in the context of direct taxes and VAT, there are criminal sanctions for aggravated tax fraud and tax evasion. These sanctions include both a monetary aspect (significant fine) and an imprisonment sentence.

Remedies

A fine can be objected against and subsequently challenged in court. In practice, it is difficult to get a fine annulled once it has been imposed.

if the taxpayer does not file tax returns notwithstanding the various reminders, the tax authorities can issue an *ex officio* assessment, which is supposed to reflect a reasonably best estimate of the actual tax liability. The taxpayer can challenge this assessment through the normal procedure but will bear the burden to show that the estimate was materially incorrect. The taxpayer is allowed to bring evidence to the court of which the tax office and tax director did not avail (e.g., a (very late) filed tax return for that year, with supporting evidence), in which case the court has to take it into account the evidence and may reform the tax assessment on that basis.

Tax claims

Recovering overpaid tax

If the taxpayer has overpaid taxes relating to tax advances, in general these will be either offset against another current or upcoming tax liability or, if no tax liability of a sufficient amount is anticipated in the short term, the overpaid taxes will be refunded.

If the overpayment results from a successful litigation against a tax return, in general the overpaid amount tax will simply be refunded further to the issuance of a (new) director decision and a new assessment.

As an exception, there is no refund of withholding tax:

1. on wages paid to individuals who are resident in Luxembourg during part of the year only, unless they make specific elections;[2] and
2. on dividends, except where dividend withholding tax has been paid in a context where the 12-month holding period for the exemption was not yet fulfilled and, after meeting that requirement, the refund is requested.[3]

The tax authorities do not pay interest on a refund.

Litigation related to faulty behaviour or to warranties and indemnities set in, for example, a share purchase agreement, would generally follow the regular commercial litigation process. The standard time limitation in commercial litigation matters is 10 years; it may, however, be contractually reduced, if the contractual reduction would not result in effectively (quasi) voiding the right to sue the party that committed the breach. For the avoidance of doubt, such litigation would focus on obtaining damages from the faulty party and would not impact the recovery of the tax, which should be managed by the party that is legally entitled to recover the tax from the relevant authorities.

Challenging administrative decisions

Other than the regular procedure to challenge tax assessments (as outlined above), a series of decisions that are not (assimilated to) tax assessments can be challenged through a hierarchical appeal to the director of the ACD;[4] for example, if the tax office refuses to grant a payment suspension. The procedure and the subsequent steps are similar to the objection against tax assessments and subsequent judicial proceedings before the administrative courts; the main difference is that, at present, it is not possible to go to the tribunal after the end of the six-month period following the filing of the hierarchical appeal.

While questionable, it is currently not possible to challenge decisions rejecting a tax ruling request.

If the tax authorities deviate from a prior written agreement (tax ruling) despite the fact that the law has not changed and that the facts match those described in the ruling, the taxpayer still needs to go through the regular procedure to challenge the tax assessment. The likelihood of success should, however, be quite high, as the courts have been inclined to emphasise the binding character of tax rulings. Conversely, an (alleged) oral decision is typically very difficult to demonstrate and will therefore, in practice, not be opposable to the tax authorities.

Given the principle of annual taxation and the individual nature of taxation, administrative case law has confirmed the following:

1. the position taken in a given year does not bind the tax authorities in a future year; and
2. a taxpayer cannot invoke the treatment given to other taxpayers (e.g., for publicly available tax rulings) to request benefiting from the same tax treatment. The courts and tax authorities generally stress that a ruling is given on the basis of an individual set of facts and is not of general application.

Administrative circulars are binding on the tax authorities, as circulars publicly reflect the authorities' stance on a given topic. However, they cannot be opposed to the taxpayer. As an example, there used to be a circular setting a 5 per cent interest rate on shareholders' current accounts when shareholders were individuals. A taxpayer was able to claim a different rate, arguing that it was not bound by the circular; the taxpayer naturally then had to substantiate with transfer pricing documentation the alternative rate that it proposed using. Another case could be situations where a circular adds restrictions that are not foreseen in the law without having received a proper specific delegation of power from the legislator to set complementary rules on the specific topic.

As an exception, a circular that is obviously against the law (*contra legem*) should, in principle, not be binding on the grounds that the taxpayers (and their advisers) are supposed to know the law. In practice, this issue has not yet arisen; however, setting aside the circular would be the most logical stance, as otherwise the tax authorities would be forced to violate the law and this may give rise to questions about the violation of equal treatment of taxpayers, legality of taxation and EU state aid rules.

Claimants and related parties

In the event of overpayment, the party that can reclaim tax is generally the taxpayer that overpaid (either because the actual tax liability is lower than advance tax payments or because a tax assessment has been overturned upon objection or appeal). This is not affected by the fact that another person may have paid the tax on behalf of the taxpayer (e.g., if the taxpayer did not have its own bank account or because contractually the expenses of the taxpayer are borne by another person).

If the taxpayer has been absorbed in a merger or dissolved pursuant to a one-step dissolution (entailing universal transfer of assets and liabilities), the successor in law is entitled to claim the tax overpaid by the taxpayer and to litigate in case of disagreement with an assessment issued to the taxpayer. In the event of a three-step liquidation, the liquidator represents the taxpayer for five years following the closure of the liquidation.

For bank facility agreements, it is frequent to have a clause whereby if the borrower has indemnified the lender for an indemnified tax and the lender is subsequently entitled to a refund of that tax or another tax benefit connected with the indemnification paid by the borrower, then the lender shall refund the borrower such that the lender is left in the same situation as it would have been in had no tax indemnification needed to be paid to the lender and no refund made (i.e., in essence, leaving the lender with the gross amount of the payment due by the borrower, disregarding any withholding taxes).

In a tax insurance context, it is frequent for the insurer to seek extensive right of regard in respect of the decision whether or not to appeal an assessment and the argumentation brought in a litigation. However, the insurer does not directly act against the assessment; only the recipient of the assessment (respectively its successor in law) is entitled to act.

In a fiscal unity (or tax grouping) context, the integrated companies transfer their profit or loss to the integrating company. As a result, the integrated companies receive a nil assessment for corporate income tax and municipal business tax purposes, and only the integrating company receives an assessment reflecting a positive or negative aggregate tax base and, as the case may be, an amount of tax to pay. Because of the nil assessment, the integrated companies are not entitled to act, since they lack an interest to act: only the integrating company can challenge the assessment it has received (and as part of such challenge it may question positions taken by the tax authorities in respect of the income and expenses of an integrated company). For (legally) separate assessments taking a stance on certain benefits (e.g., investment tax credits), the position of the tax authorities is the same as for the main tax assessment (i.e., in their view only the integrating company may appeal). This position is, however, litigated before the courts.

For the avoidance of doubt, the tax authorities cannot offset tax debts of one taxpayer against the overpaid taxes of another taxpayer, even if they are related parties (unless one of the two taxpayers is the successor in law of the other, for example, as a result of a merger or dissolution).

Costs

Both taxpayer and the tax authorities can ask the courts to order the other party to pay the court's costs (small amounts) of the procedure and to pay a procedural indemnity. In practice, the indemnity granted is very low (at most a few thousand euros) compared to the actual legal costs engaged. The rationale of the courts is that it is not in their remit to grant a proper indemnity to compensate the damage (in the sense of civil law) caused by the error of the tax authorities; the procedural indemnity merely aims at attenuating the costs of launching a procedure, especially when the tax authorities appear to be particularly wrong or of bad faith.

Alternative dispute resolution

There are currently no alternative dispute resolution mechanisms (such as arbitration or mediation) in Luxembourg to resolve domestic tax disputes.

Anti-avoidance

Luxembourg has had a general anti-abuse rule (GAAR) for decades, but it has only started being increasingly used in the past 10 to 15 years. The wording of the GAAR was amended with effect as of 2019 to more closely follow the wording used in the EU anti-tax avoidance directive (ATAD). It is expected, however, that the change will not materially change the application of the GAAR. Next to the GAAR, the special anti-abuse rule of the EU parent-subsidiary directive was also implemented. The GAAR is invoked by the tax authorities in increasingly complex cases.

One of the main cases involved a Luxembourg company that had granted a profit participating loan (PPL) to a Belgian subsidiary. The subsidiary transferred its receivables against a US group company at book value (instead of fair market value) to repay the PPL. Subsequently, the Luxembourg company sold these receivables to a Swiss company at fair market value. However, although commercially the gain was on receivables, the Luxembourg company claimed the gain should be exempt because tax-wise it should be considered the recipient of a hidden dividend from the Belgian subsidiary (for the difference between the book value and the fair market value of the receivables).

The tax authorities claimed that there was abuse of law and that the 'normal path' would have been for the Belgian company to sell the receivables at fair market value directly to the Swiss company, which would then have generated income tracked by interest under the PPL. Such interest would have been deductible in Belgium and therefore non-exempt in Luxembourg under the implementation of the EU parent-subsidiary directive's anti-hybrid rule.

The court agreed that the arrangement, involving successive transfers of the notes at different values, was non-authentic and mainly aimed at circumventing the anti-hybrid rule of the parent-subsidiary directive. In particular, the court observed that a third party would not have accepted to transfer the notes at nominal value to the Luxembourg company, and thus concluded that the chosen path was indeed inadequate and aimed at saving tax.

There were two other important abuse of law cases about loss carry-forward:

1. In the first case, a dormant Luxembourg company bought and resold a real estate asset during the same year, realising a material gain that it wanted to partially offset with losses carried forward generating from a different prior activity. The court sided with the taxpayer, stating that in the absence of a change of shareholder (for which there appeared to be no evidence), the company could use losses of a prior activity against profits of a newly started activity launched with the hope that it will be more profitable. This judgment provides a useful clarification to the abuse doctrine concerning the carry-forward of tax losses (the *Mantelkauf* doctrine).
2. In the second case, the taxpayer had already lost a case, as a result of the *Mantelkauf* doctrine. The taxpayer tried to remedy the issue by reinstating the former activity. The court ruled that this could not allow the taxpayer to recover the disallowed losses carried forward, as a finding of abuse is definitive. A lesson for taxpayers is therefore that in cases where a company with tax losses is being transferred to a new shareholder, the prior activity should be maintained (with a sufficient degree of materiality) rather than immediately implementing a change of activity. Luxembourg has implemented on time the provisions of ATAD (as also amended). In addition, Luxembourg has ratified the OECD multilateral instrument, and a majority of its tax treaties are covered, although Luxembourg has opted out of several provisions.

Double taxation treaties

The number of cases dealing with double taxation treaty (DTT) application or interpretation remains fairly low. DTTs are typically invoked in cases concerning tax residence or the recognition of a permanent establishment (for relevant cases, see heading 'Year in review'). DTTs are also a relevant legal basis in cases concerning exchange of information, but these cases are quite repetitive as regards legal reasoning and do not relate to a tax charge eventually payable in Luxembourg.

Luxembourg in general permits the use of the OECD Commentary to the OECD Model Tax Convention on Income and on Capital, provided that the Commentary:

1. does not introduce (material) deviations from the commentary at the time of entry into the relevant DTT; and
2. relates to a provision of that model convention that essentially matches the wording in the specific DTT.

In other words, Luxembourg adopts a static approach and not a dynamic one (unless the changes to the Commentary are mere clarifications of prior versions).

Year in review

There has been a marked decrease in the number of judgments issued in 2024 by the administrative tribunal and the administrative court (approximately 120 in total). Taxpayers won only around 20 per cent of the cases in first instance, while the tax authorities won roughly two-thirds of these cases and the tribunal issued judgments with a divided outcome in the remaining cases. In (final) appeal, the court reversed about one-third of the judgments rendered against the taxpayer, but the tax authorities still won about 60 per cent of the cases.

In terms of topics, setting aside certain specific topics that are more relevant for individuals (notably guarantee call assessments issued against managers of companies that failed to pay their taxes), the following key topics were subject of judgments in 2024:

1. the application of the GAAR (see above);
2. the non-recognition of certain foreign permanent establishments; and
3. transfer pricing.

Permanent establishments

In 2019, Luxembourg introduced new legislation to tighten the recognition of foreign permanent establishments (PEs) to prevent double non-taxation mismatch outcomes. Such outcome could arise when Luxembourg recognised a foreign PE and exempted its income, but the foreign jurisdiction did not recognise the PE and allocated taxing rights to Luxembourg. The Luxembourg tax authorities have begun scrutinising the substance and activities of certain foreign branches for local tax purposes. While many doubts are resolved before issuing a tax assessment, several high-profile cases have emerged involving US branches and a Malaysian branch of a Luxembourg subsidiary of a large Malaysian group.

In case 47267, the existence of the Malaysian branch was based solely on a service level agreement. The branch's address was unclear, and the taxpayer failed to substantiate the activities allegedly conducted through the branch, which lacked its own staff and a bank account for years. The tribunal ruled that a board resolution to open the branch was insufficient. Although the taxpayer submitted a letter from the Malaysian authorities, it was deemed unclear and not binding on Luxembourg tax authorities, being treated like any other factual element, without getting greater deference. The tribunal’s judgment was upheld on appeal by the administrative court (case 50602C) in April 2025, based on the same reasoning on the lack of evidence of actual activities and of a clearly determined fixed place through which the business would be carried on.

In case 46975, the tax authorities taxed dividends from a Cayman subsidiary supposedly held through a US branch. The US branch was managed part-time by an employee seconded from the group headquarters, but no invoice was issued and no fees were paid for the support received. The Luxembourg company's head office also supported the US branch and received minimal remuneration, but the transfer pricing report was deemed to be insufficient evidence. The taxpayer provided too little proof of decision-making at the US branch level. The US branch's UK bank account could be managed by the US branch manager and three Luxembourg resident managers. These factors led tax authorities to conclude that the US branch lacked sufficient activity to qualify as a PE. The tribunal recognised a fixed place of business but found insufficient proof of activities conducted through it. Moreover, no payment was made to the group headquarters for the employee's secondment.

At court level, another US branch was not recognised due to insufficient proof of substance. The decision to open a branch and sign an office sharing agreement (which failed to clarify the address) was insufficient to demonstrate daily activities. Moreover, no rent was actually paid. There were also no details of meetings with counterparties or minutes showing decisions by the branch manager.

Taxpayers should be aware of the following:

1. avoid having the branch manager also act as manager or director of the Luxembourg company's head office;
2. ensure proper legal documentation is backed by factual evidence; and
3. consider whether granting and holding a single loan are sufficient for a branch to qualify as a PE.

Transfer pricing

As in 2023, these cases, which often combine transfer pricing discussions and claims of hidden distributions of profits subject to withholding tax, are often linked to transfer pricing issues and sometimes to claims of irregular accounting. Most transfer pricing challenges arise when a company provides benefits to a shareholder or an interested party that it would not have granted without their special status.

The types of undue benefits can vary widely, such as:

1. expenses borne by the company that do not serve the company's business interests but are incurred (often covertly) on behalf of the shareholders and their family; or
2. insufficient interest charged on a shareholder’s current account.

Most of these cases are lost by the taxpayer because they fail to counter the evidence presented by the tax authorities. This failure often stems from a lack of regular accounting and supporting documentation, an insufficient justification of the commercial rationale behind transactions, or an inadequate transfer pricing study.

The tribunal, however, expects the tax authorities to provide sufficient evidence that the shareholder or interested party benefited from the operation. In some instances, the tax authorities failed to explain how, for example, a waiver of a receivable on a subsidiary enriched the shareholder.

Another key lesson is that the tax authorities do not need to provide detailed figures about the volume of the hidden distribution for it to be recognised. In one case, the lack of regular accounting, insufficient profit margins (compared to other market players), and the presence of only one shareholder constituted enough evidence to suggest a hidden distribution. The burden of proof then shifted to the taxpayer to demonstrate that no hidden distribution occurred.

Looking ahead

In addition to the above topics, which will continue to require new clarifications from the judges, the case law in the first quarter of 2025 provides the following interesting insights:

1. the absence of requirement for the tax authorities to specifically identify the recipient of a hidden distribution in order to claim that such a distribution has taken place;
2. some questionable statements from the tribunal as regards the facts that:
    - the benefit received from a sister company allegedly did not trigger a hidden contribution because the sister company was not a (direct or indirect) shareholder of the taxpayer; and
    - a loan entered into for the purpose of funding an already declared profit distribution is not related to the operations of the company, so that interest is not deductible as a business expense; and
3. renewed confirmations that tax authorities are not bound by prior years' stances (except in case of a tax ruling).

Outlook and conclusions

The numerous changes of law in the past eight to 10 years and further changes that are due to be implemented (e.g., ongoing implementation of Pillar Two rules and administrative guidance) may result in more litigation, as the rules are ever more complex while the number of tax rulings has become immaterial. By contrast, the reduction in the number of judgments observed in 2023 and 2024 (which is a trend that may continue in 2025) may anticipate a new era of greater legal certainty to be provided by administrative guidance of the tax authorities and more detailed parliamentary documents.

To manage the uncertainty, taxpayers are also frequently looking at tax insurance – not just in a transactional context but also to cover themselves against potential challenges and litigation. Insurance brokers (and insurers) repeatedly comment on the increasing interest for developing the tax insurance market, in view of the greater complexity of (potential) tax controversy cases.

In parallel to domestic tax litigation, some EU cases were fought by Luxembourg resident taxpayers or Luxembourg; for example, on the obligations under the DAC6 directive (mandatory disclosure rules). Tax controversy in Luxembourg can also have an EU-wide impact.

There is a pending bill of law regarding some procedural changes. When initially published more than 18 months ago, it was heavily criticised as reducing taxpayers' rights. It remains to be seen whether the current government will want to take it forward.

Endnotes

1 Paragraph 205(3) of the general tax law (AO). ^ Back to section

2 Article 154(5) of the income tax law (amended law of 4 December 1967 concerning income tax – LIR). ^ Back to section

3 Articles 154(6) 149(4a), LIR. ^ Back to section

4 Paragraph 237, AO. ^ Back to section

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