

Substance

Ensuring a proper and defensible tax substance in Luxembourg is a constantly changing hot topic, and even more so in these times of homeworking



DETERMINING AND ENSURING SUBSTANCE IN CHANGING TIMES

Companies may well be experiencing a lack of practical guidance on how to manage the transition between the existing standard substance requirements and the challenges of homeworking.

It can be difficult to understand how their business environments are evolving and what the implications are for cross-border business structures and the organization of their activities.

Adapting to changing tax and regulatory environments and expectations is demanding. And at the same time, companies will want to mitigate the risk of challenge by any tax or regulatory authorities, and any related financial or reputational risks.

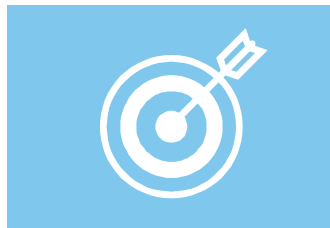
BENEFITS WE BRING

With KPMG's tax substance services you can receive useful information, recommendations and answers regarding your day-to-day questions and issues on substance. We offer the following benefits in all our assistance:



Tailor-made approach

Delivery of regulatory and tax aspects of specific structures



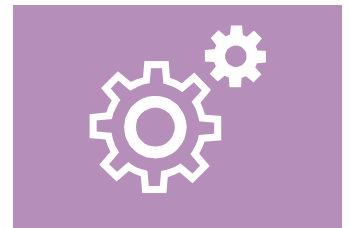
Clear communication

Homeworking challenges and their impact on the client's business



Clear set of recommendations

Assistance in the transition between the standard requirements and the challenges of homeworking



Regular updates

The latest tax and regulatory developments

“One key pillar when it comes to evidence of substance is **documentation**. Our teams provide practical guidance regarding what should be implemented and appropriately documented to sustain Luxembourg tax residence and preserve treaty or directive rights.”

Christophe Diricks

TURNING SUBSTANCE CHALLENGES INTO SUCCESSFUL PREPARATION

Substance is now considered as essential in all business. Direct taxation examines necessary substance, which mitigates potential tax residence challenges by foreign tax authorities and determines which revenue streams will be taxed and how.

REGULATORY

- Advice on licensing, outlining health checks, performing gap analysis and deploying mock regulatory inspections
- Delegating several business functions (i.e. implementing risk management procedures) and streamlining business setup
- Rationalizing operations with KPMG's Know Your Delegate platform
- Performing checks on the documentation related to transfer pricing and direct tax

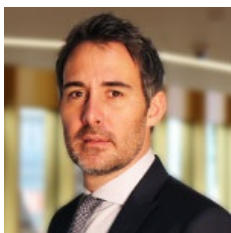
DIRECT TAX

- Determine the tax treatment, based on structure and substance
- Check tax compliance
- Assess risks arising from cross-border management and where you have a permanent establishment abroad

TRANSFER PRICING

- Set prices at arm's length on intragroup transactions, in line with transfer pricing regulations and best practices
- Perform functional/value chain analysis
- Conduct health checks to ensure that the functional profile/operating model of your company is in line with disclosures to the CSSF
- Assess your documentation on functions, risks and assets

Get in touch



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