



cutting through complexity

Luxembourg, a safe harbor for shipping companies

June 2013

kpmg.lu

Luxembourg, a quality maritime flag in a business friendly environment

At the heart of Europe, Luxembourg has become an attractive hub for shipping activities.

Luxembourg boasts a wide range of maritime services that meet the needs of ship owners, operators and other players in the industry. The Luxembourg Maritime Flag exhibits a unique balance between regulation and flexibility which, combined with a competitive business environment and many tax incentives, has already attracted major shipping companies to Luxembourg.

Luxembourg, a competitive platform for shipping business

- The political willingness to diversify economy promotes a favorable infrastructure for industries that should be attracted (i.e. shipping industry)
- Rank 12/176 of the Corruption perceptions index (2012) by Transparency International
- Safety & Security ("The Safety & Security sub-index measures countries' performance in two areas: national security and personal safety"): Rank 7/142 (The 2012 LEGATUM PROSPERITY INDEX™ Rankings)
- Development of a jurisdiction of choice for maritime business and encouragement of the development of spinoff activities related to the maritime sector
- Maritime legislation created in 1990 by the Maritime Act
- History of registering / managing ships with sound existing processes, laws and regulations
- Several tax incentives such as accelerated depreciation of ships, investment tax credits and VAT exemption under conditions for supply, chartering and hiring of the seagoing vessel, no tonnage tax system

Luxembourg Maritime Sector at a glance:

Luxembourg has transposed all relevant European directives concerning maritime topics into national law.

Luxembourg Maritime Authority	A customer-minded one-stop shop ISO 9001 certified
Authorized activities	Buying and selling, chartering in and out or management of seagoing vessels
Eligibility for registration	Vessels less than 15 years of age, with possible exceptions granted by the Minister in charge Vessels of at least 25 tons
Ownership requirements	Ships must be more than 50% owned by EU nationals or by companies having their commercial seat within the EU
Total number	approx. 250 registered ships
Total Gross tonnage	approx. 2.3 million tons
Shipping companies	344 certified shipping companies 71 accredited maritime managers
Crewing	No nationality or residence requirements for the crew, except for the Captain who must be EU national Luxembourg allows the use of private armed guards
Well-known quality flag	International recognitions due to listing on several White Lists

- Lump sum taxation of 10% at most for non-resident seafarers working on board a vessel operated in international traffic
- Ship owners established in Luxembourg provide jobs to some 400 highly skilled employees on shore and around 4,000 at sea
- Simplified approval process for the deployment of armed guards in dangerous areas
- Broad recognition of foreign qualifications
- Strong financial service industry that can support the ship management industries
- Multilingual environment

KPMG enjoys a leading position in providing a wide range of services to the shipping sector

KPMG Luxembourg has built a market leading position through a proven track record of providing a range of audit, tax and advisory services to a large number of organizations active in the shipping industry. Our dedicated practice understands the financial and operational drivers of the shipping sector. We advise across all stages of shipping projects and transactions, from strategic thinking at conception to detailed technical expertise at financial close. In addition to tax and accounting advisers, KPMG's local and international network comprises investment bankers and sector specialists with senior backgrounds in government and industry. Through our local and international networks we deliver service defined by real industry insight, clarity and a global outlook.

How we can help

Working together to provide industry specific solutions.

KPMG can work with shipping organizations to develop clear, informed options and strategies by providing specific services to help manage operational risks and other complex business challenges.

KPMG can offer extensive audit, accounting and tax planning capacities and experience in relation with the following aspects:

1. Performance and profitability management

- Business performance services and change management
- Supply chain sustainability, shared services and outsourcing
- Direct and indirect tax structuring
- Tax efficient financing of major shipping projects
- Policy, regulation and governance support
- Debt advisory, cash flow and working capital management

2. Governance and risk management

- Financial Statement Audit: Independent financial statement audits in accordance with statutory requirements
- Attestation Service: independent, objective assurance on financial information, transactions and processes
- Enterprise risk management methodology to help manage business risks
- Independent expert report on restructurings, takeovers and/or mergers
- Due diligence services associated with M&A and alliances

3. Financial systems, processes and business reporting

- Technical advice on IFRS, regulatory and accounting changes
- Internal audit, outsourcing, co-sourcing and project work
- Tax planning and structuring advice for acquisitions and divestments
- Tax incentives and grants

4. Compliance services

- Incorporation services
- Bookkeeping and creation of a full accounting file in compliance with Luxembourg law
- Provision of a registered office
- Corporate Secretarial Services
- Preparation, review and submission of corporate tax, VAT and any other tax returns

A selection of recent KPMG publications:



Alternative
Schiffsfiananzierung



Ship financing in flux -
German Ship Financing
Survey 2012



Onboard



Impact of IFRS :
Shipping

About KPMG

KPMG is a global network of professional firms providing Audit, Tax and Advisory services.

Whatever the challenges and opportunities, KPMG is ready to bring in its knowledge, its spirit of innovation, its experience and will allow you to benefit from its international network present in 156 countries.



Bastien Voisin

Partner
Head of Shipping

T: +352 22 51 51 5442

M: +352 621 87 5442

E: bastien.voisin@kpmg.lu



Gilles Poncin

Director
Head of Logistics
Management Consulting

T: +352 22 51 51 7230

M: +352 621 87 7230

E: gilles.poncin@kpmg.lu



Louis Thomas

Partner
Head of Commercial & Industrial
Tax

T: +352 22 51 51 5527

M: +352 621 87 5527

E: louis.thomas@kpmg.lu



Eric Wilhelm

Partner
Accounting Advisory Services

T: +352 22 51 51 6263

M: +352 621 87 6263

E: eric.wilhelm@kpmg.lu



Walter Koob

Partner
Audit

T: +352 22 51 51 6340

M: +352 621 87 6340

E: walter.koob@kpmg.lu

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2013 KPMG Luxembourg S.à r.l., a Luxembourg private limited company, is a subsidiary of KPMG Europe LLP and a member of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved. Printed in Luxembourg.