

intellectual property rights

The best innovation for your company is to choose Luxembourg as domicile for your intellectual property and develop this capital from a cost-effective, secure and enterprising location.

Pandomus July 2012

■ A special tax regime for income and capital gains generated by intellectual property (IP) was introduced by a Luxembourg law dated 21 December 2007.

The objective of this law is to encourage the Research & Development activities and the creation of IP in Luxembourg.

Net income and capital gains generated by IP acquired or created after 31 December 2007 benefit from an exemption of 80%.

The exemption applies to royalties paid to Luxembourg taxpayers (individuals or companies) for the use of the following types of assets:

- Patents
 - Domain names
 - Trademarks
 - Software copyrights
 - Designs or models
- (referred to as "qualifying IP rights")

During the first year in which the benefits of the regime are claimed, the expenses in direct economic connection with the IP must be recorded as an asset in the taxpayer's balance sheet.

The IP may not have been acquired from a direct affiliated entity. As per the law, an entity is considered as affiliated to another entity in the following cases:

- It holds at least 10% of the share capital of the other entity
- The other entity holds at least 10% of the share capital of the first entity

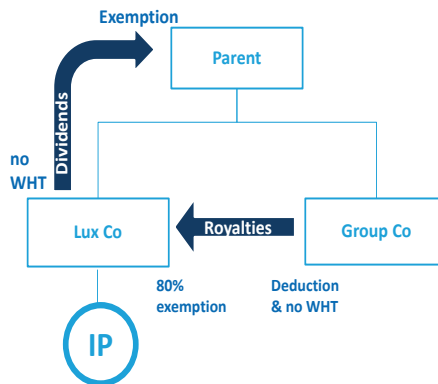
■ At least 10% of the share capital of the first and the other entity is directly held by a parent entity

On patents developed and used in-house, a taxpayer is entitled to a notional deduction of 80% of the amount that would have been paid by a third party if such patent had been licensed.

The qualifying IP rights also benefit from a 100% net wealth tax exemption in Luxembourg.

A Luxembourg resident is entitled to benefit from a reduced or even zero withholding tax on royalty income received from abroad, based on the extensive double tax treaty network of Luxembourg and based on the current EU directive on interest and royalty.

An example of a standard IP structure:



This well established regime, combined with the multiple instruments put at disposal of the investor, makes Luxembourg one of the most attractive places in the European Union to set up an entity for holding, developing and operating any intellectual property covered by the law.

Long experience in dealing with international clients and structures

Broad definition of the qualifying IP rights

Applicable to both acquired and self-developed IP

Government support and favourable tax & regulatory environment

80% tax exemption

No wealth tax

Extended list of Double Tax Treaties signed by Luxembourg



Charles Meyer Partner
Mobile. (+352) 661 104 323
Direct. (+352) 266 365 352
charles.meyer@pandomus.lu



John Wantz Partner
Mobile. (+352) 621 264 298
Direct. (+352) 266 365 357
john.wantz@pandomus.lu



pandomus
ALTERNATIVE INVESTMENT SERVICES

121, avenue de la Faïencerie
L-1511 Luxembourg
Tel (+352) 266 365 1
Fax (+352) 266 365 350
www.pandomus.lu



PANDOMUS is a Luxembourg based service company, which offers high-end & exhaustive Luxembourg company domiciliation services. Pandomus does not have any link with law firms, tax advisors, asset managers or banks.

An independent service provider

As a truly independent service provider, Pandomus does not have any conflict of interest and can thus guide its clients towards those specialists who are the best in their area of expertise. Similarly, Pandomus can work with any service provider, bank or asset manager of its client's choice.

Pandomus is owned by Luxembourg resident partners.

The Formula

We believe that the best marketing is generated by satisfied clients. Thus, we have designed our business plan around a sound and simple philosophy: the clients of PANDOMUS get a good deal. This translates into the following formula:

high quality @ competitive price

We can perform at competitive prices since the company has a lean organization without any financial expenses. High quality is ensured through steadfast partner attention and a flat corporate hierarchy. Each client is allocated to one experienced partner, which emphasizes our personalized approach and ensures that each client faces a decision making person.

We firmly believe that this philosophy is a strong differentiator and that this concept will prove genuinely sustainable.

Our Clients

- Listed multinational companies
- Real Estate companies
- Private Equity and Venture Capital firms
- Financial institutions
- Insurance companies
- Investment and pension funds
- Private companies
- High Net Worth Individuals

Our Expertise

- Private Equity & Venture Capital
- Real Estate
- Intellectual Property (IP) structures
- Securitization Vehicles
- É Middle Office
- É Risk Management
- É Institutional Client Services
- É Services for Private Clients
- "Liquidation Services

Our Services

- Incorporation and liquidation of Companies
- Company Domiciliation & Office Rental
- Resident & approved CSSF Directors
- Central Administration (SIF & SICAR)
- Accounting & Consolidation (LuxGAAP / IFRS / EVCA / INREV)
- Corporate Secretarial
- Tax Compliance

