

## **Luxembourg Government submits draft Budget Law 2020 to Parliament - Pre-2015 tax rulings to expire with tax year 2019**

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On 14 October 2019, Luxembourg's Minister of Finance submitted the draft budget law for the year 2020 (Draft Budget Law 2020) to Parliament. Besides the temporal extension of the tax credit for hiring unemployed persons by a further year and some amendments concerning value added tax, excise duties and similar taxes, the most important suggested amendment relates to the validity of advance decisions granted by the Luxembourg direct tax authorities prior to the introduction of a provision codifying the tax ruling practice as from 1 January 2015.

The Draft Budget Law 2020 proposes to introduce a new provision into the General Tax Law according to which advance decisions issued before 1 January 2015 will become null and void by law at the end of the tax year 2019. These tax rulings often do not mention a determined validity period, meaning that Luxembourg tax authorities are in principle bound for an unlimited period, insofar as the tax rulings are still in line with the law. Since tax rulings granted after 1 January 2015 are valid for a maximum period of five tax years, there is a discrepancy between the validity period in relation to rulings issued under the old procedure compared to the period for rulings under the new procedure.

A taxpayer will thus be able to rely on the principles laid down in an advance decision issued before 1 January 2015 for the last time in the framework of its 2019 tax return.

The Draft Budget Law 2020 also foresees the possibility for a taxpayer whose ruling expires as a result of the new provision to seek a new ruling under the new procedure.

The Draft Budget Law 2020 will now go through the legislative process, which involves the analysis of the text by a dedicated parliamentary commission, the collection

of opinions from different advisory bodies most importantly from the Council of State), discussion and vote of the text in a parliamentary session and finally its publication in the *Official Gazette* (Memorial). The entire process is expected to be completed during December.

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