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Luxembourg accepts OECD Amount B for distribution activities

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A circular of 13 April 2026 says Luxembourg will respect Amount B results applied by covered jurisdictions to baseline distribution, from financial years starting on or after 1 January 2025.

Country reference

- Country: Luxembourg (planned expansion country)
- Authorities: Administration des contributions directes (ACD); Ministry of Finance
- Topic: Simplified transfer pricing approach for marketing and distribution (Amount B)
- Key date: Circular of 13 April 2026; financial years from 1 January 2025
- Law: Circular L.I.R. No. 56/2 - 56bis/2

What the circular says

The ACD aligns with the OECD's Amount B framework. Where a covered jurisdiction applies Amount B to baseline wholesale distribution by a local distributor, Luxembourg will not adjust the price, will grant a corresponding adjustment, or will resolve double tax through a mutual agreement procedure.

Conditions

- The other country is a covered jurisdiction as defined by the OECD.
- A double tax treaty is in force between Luxembourg and that country.
- That country has chosen to apply Amount B.
- The tested distributor is in the covered jurisdiction.

Limits

- It covers baseline wholesale distribution only, not services, intangibles or commodities.
- Amount B must be disclosed in the Luxembourg corporate tax return and substantiated.
- It cannot support pricing for out-of-scope transactions.

Who is affected

- Luxembourg principal or trading companies selling through related distributors in countries that apply Amount B.
- Groups using Luxembourg as an IP or supply hub for emerging markets.

What to do now

- List related distributors and check which countries apply Amount B.

- Confirm treaty coverage with each country.
- Add Amount B disclosures to 2025 tax returns where relevant.

Our take

Luxembourg does not impose Amount B but avoids double tax where others do. That helps groups selling into markets that adopt the simplified approach.

Sources

- ACD: Circular L.I.R. No. 56/2 - 56bis/2 (13 April 2026)
- Arendt: Luxembourg tax circular on Amount B

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