Luxembourg VAT, net wealth tax and subscription tax: key facts

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Luxembourg has the EU's lowest standard VAT rate at 17%. Companies pay annual net wealth tax, and investment funds pay subscription tax, with an exemption for UCITS ETFs.

Country reference

- Country: Luxembourg (planned expansion country)
- Authorities: Administration de l'enregistrement, des domaines et de la TVA (AED); ACD
- Topic: VAT, net wealth tax and subscription tax
- Key date: Net wealth tax circular of 12 May 2026
- Law: VAT Law; Net Wealth Tax Law (VStG); UCI Law of 17 December 2010

VAT

- 17%: standard rate, the lowest standard rate in the EU.
- 14%: for example certain wines and the management and safekeeping of securities.
- 8%: for example gas and electricity supplies.
- 3%: for example most food, medicines, books and some children's clothing.

Net wealth tax

- 0.5% on net wealth up to EUR 500 million; above that, EUR 2.5 million plus 0.05% of the excess.
- Minimum charge from EUR 535 to EUR 4,815, depending on the balance sheet total.
- Companies can reduce net wealth tax by creating a special reserve, under conditions.
- The ACD issued Circular I. Fort. No. 56 on 12 May 2026 on rates, the minimum tax and the reduction, from the 1 January 2025 valuation date.

Subscription tax for funds

- 0.05% a year for most funds; 0.01% for institutional and money market funds.
- Lower rates for the part of net assets invested in sustainable assets.
- Exemptions for funds of institutional funds and for ETFs, including listed UCITS ETFs from 2025.

Registration duties

- 7% on sales of Luxembourg real estate, plus a 3% surcharge in Luxembourg City.
- Fixed EUR 75 duty on incorporations and amendments to articles.
- No stamp duty.

What to do now

- Holding companies: check minimum net wealth tax and whether a reserve can reduce it.
- Fund managers: confirm subscription tax rates and any sustainable-asset reduction.
- Businesses selling into Luxembourg: register for VAT where required and apply the correct rate.

Our take

These taxes are small per entity but add up across a holding structure. Review them annually, especially the net wealth tax on holding companies.

Sources

- PwC Worldwide Tax Summaries: Luxembourg, other taxes
- ACD: Circular I. Fort. No. 56 (12 May 2026)
- ACD: Legislation 2026

> **Important.** This summary is for general information and is not tax, legal or financial advice. It is based on public ACD publications, together with adviser commentary, and may be incomplete or out of date. The official legislation and guidance prevail; check the official text before acting.

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