

Luxembourg adopts the administrative dissolution without liquidation

The Chamber of Deputies passed bill n°6539B creating a procedure for administrative dissolution of companies without liquidation on October 18, 2022.

This new bill of law (the “Bill”) introduces a simplified procedure of dissolution without liquidation, applying to:

1. Commercial companies;
2. Falling within the scope of article 1200-1, paragraph 1, of the amended law from August 10, 1915 on commercial companies, which means :
 - any company subject to Luxembourg law.
 - which pursues activities contrary to criminal law or
 - which seriously contravenes the provisions of the Commercial Code or the laws governing commercial companies, including the right of establishment.
3. which have no assets and
4. which have no employees.

Credit institutions, insurance institutions, specialized investment funds as well as 11 other kind of entities are excluded from this administrative procedure by its article 2.

This new procedure is an administrative procedure, initiated by the Public Prosecutor, on the basis of (i) information received from the manager of the Trade and Company Register (“Registre de Commerce et des Sociétés”) which has a view of the companies that meet the conditions required to fall within the scope of the Law, of (ii) documents archived and kept by the National Institute of Statistics and of (iii) documents sent by public administrations.

Following the information and documents collected by the Public Prosecutor, if it is clear that a commercial company meets the conditions laid down in article 1 of the Bill, the Public Prosecutor shall request the manager of the Trade and Companies Register to initiate proceedings for administrative dissolution without liquidation.

As of the date of publication of the decision to open an administrative dissolution without liquidation, article 444 of the Commercial Code, pursuant to which “*the bankrupt, as from the judgment declaring the bankruptcy, is divested by the law of the administration of all his assets, even the assets which may be returned to him, while he is in a state of bankruptcy. All payments, transactions and acts made by the bankrupt, and all payments made to the bankrupt since this judgment are void*” applies.



the administration of all his assets, even the assets which may be returned to him, while he is in a state of bankruptcy. All payments, transactions and acts made by the bankrupt, and all payments made to the bankrupt since this judgment are void” applies.

This procedure allows to avoid the general and classic procedure of compulsory liquidation of a company, which is more complex in terms of time and costs and constitutes also a good tool to fight money laundering by using empty shells.

Please see our website and social media accounts for more information on our services or reach out to our team to discuss your projects.