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AVOCATS A LA COUR

The new Bill 8183 and its important changes for the investment world

On March 24th, 2023, Finance Minister Yuriko Backes introduced “Bill 8183”, which was voted on July 12th, this same year (the “Bill”). The revision and modernization of the “Luxembourgish toolbox” of investment funds, which includes the sectorial Bills governing investment funds and their managers (SICAR, SIF, UCI, AIFM, and RAIF), is the primary focus of the legislative project. The Bill aims to increase the attractiveness and competitiveness of its financial position in a constantly changing global environment.

In the following paragraphs, we will discuss three aspects mentioned in the Bill.

First, the Bill lowers the investment threshold. In the past, this threshold was set at 125,000 euros but has now been reduced to 100,000 euros. The previous standard, according to many professionals, was too high, putting the state at a competitive disadvantage compared to other jurisdictions.

The second major modification of the Bill is the extension of the minimum capital formation period for the SICAR, SIF, UCI (Part II), and RAIF funds, which has been doubled from 12 months to 24 months. This change was made because selecting the best investment opportunities takes longer with some investment strategies. Consequently, fund managers only request funds when they have identified the best investments.

In addition, the subscription tax was the topic of discussion among Chamber of Deputies members. Opinions differ, with some people seeing it as a tool to steer investment, while others see it as a mean of resisting competition from other countries, like Ireland or the Netherlands.

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