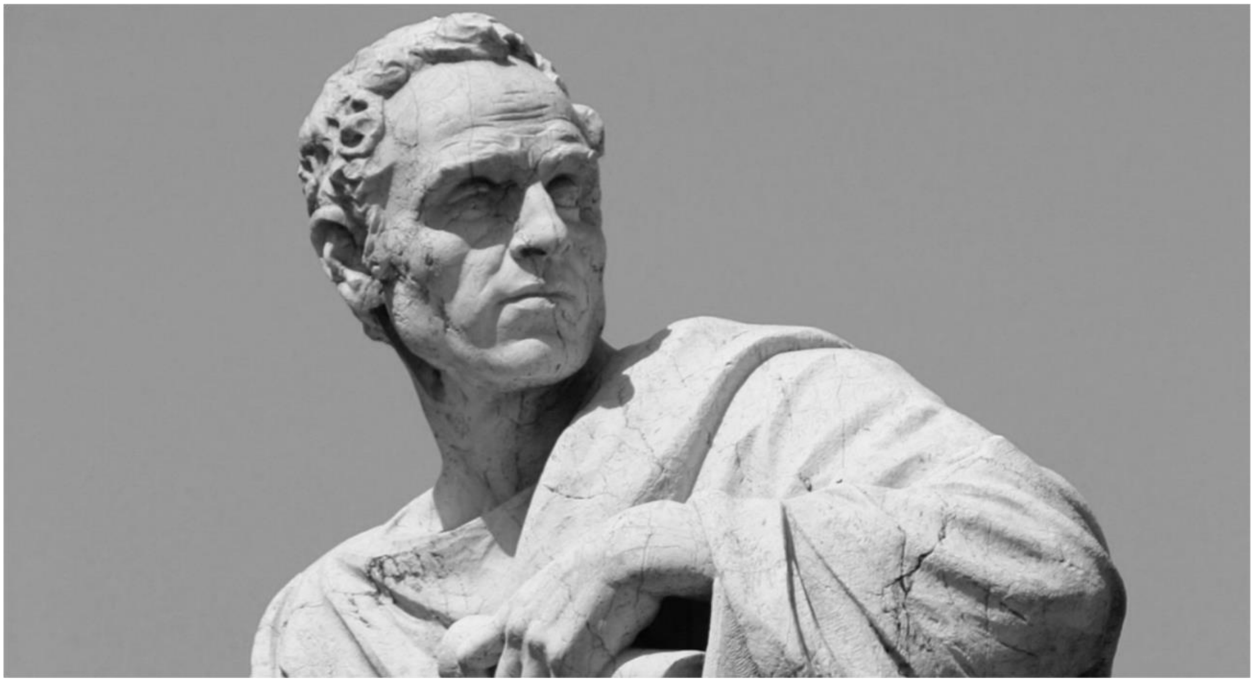

Fact Sheet – Soparfi Luxembourg Holding Company

Background: The EU Parent-Subsidiary Directive, which applies to fully taxable resident companies, has been transposed into Luxembourg law in 1990, thus creating the Société de Participations Financières, or Soparfi.

A Soparfi is a normal commercial entity governed by the 1915 Law on commercial companies. It is fully taxable and there are no restrictions on its field of activity.

A Soparfi can, however, significantly reduce its tax burden by limiting its activity to holding investments (so-called passive Soparfi) and structuring these so that it can benefit from the rules in the EU Parent-Subsidiary directive which grants tax exemptions on dividends received from qualifying sister company and capital gains from the sale of participations.

Authorisation requirement: No prior authorisation is required when setting up a Soparfi, unless it plans to exercise a commercial activity.

Legal and regulatory framework
There is no specific legal framework for a Soparfi, it is based on the company law of 1915.

Legal form
A Soparfi may be set up in one of four legal forms:
• Sàrl – *société à responsabilité limitée* (private limited company); Min. capital EUR 12.500,-
• SA – *société anonyme* (public limited company); Minimum capital: EUR 31.000,-
• SCA – *société en commandite par actions* (partnership limited by shares);
• Sociétée Européenne – European company.

In the case of a public limited company, it is managed by a board of directors composed of at least three members, who can be individuals or legal entities, without obligation to be resident in Luxembourg. If the shares are held by a single investor, only a single director is required.

Tax System:
The Soparfi is subject to corporate income tax, municipal business tax and net wealth tax.
As from 1 January 2013, a minimum corporate income tax of EUR 3,210 is applicable.
Income from dividends and capital gains realized by the Soparfi, may, under certain conditions, benefit from the participation exemption regime. In particular, the Soparfi needs to have held or to commit to hold at least ten percent of the shares in a fully taxable company for at least one year or the acquisition price of the shares must have been higher than 1.2m euros for dividends and 6.0m euros for capital gains.

The Soparfi benefits from a large network of tax conventions signed by Luxembourg, in order to reduce the withholding tax rates in foreign jurisdictions.

Tax facts	SOPARFI (passive)
Taxation on income, capital gains and losses	
Dividends	Tax emption on dividends received from qualified holdings
Intelectual Property Income and Capital Gains	Corporate tax on 20% of income and capital gains on qualified IP (80% tax exemption, 5.7% effective rate).
Interest income	Taxed as corporate income
Operating losses	Deductible on tax basis
Capital gains	Tax exempt for capital gains from sale of qualified participations.
Liquidation proceeds	Tax exempt for capital gains from sale of qualified participations.
Losses on participation sales and liquidation	Deductible on tax basis
Tax treatments of dividends, interest and expenses	
Dividends paid	0% WHT when paid to qualified mother companies, otherwise 15% (individuals fall under the scope of the EU savings directive)
Interest paid	No WHT (tax deductible expense only for the part exceeding tax exempted revenues, recapture rule)
Expenditures	tax deductible expense only for the part exceeding tax exempted revenues, recapture rule
Liquidation proceeds	No withholding tax

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