

Setting up a subsidiary is a significant step for any company, and choosing Luxembourg is an excellent way to mark your presence in the European Union (EU). While expanding your company is exciting, it can also be stressful to build a new subsidiary in a place where you may not be familiar with local laws. Instead of figuring it out alone, Globalization Partners can help.

We act as your subsidiary on your behalf, allowing you to start work within days instead of the months it can take to set up a subsidiary in Luxembourg. As the Employer of Record, we are also responsible for all Luxembourg subsidiary laws, so you won't have to worry about compliance.

Here is everything to know about setting up a Luxembourg subsidiary or working with a subsidiary alternative.

## **How to Set up a Luxembourg Subsidiary**

When Luxembourg sped up the delivery of business licenses, it became easier than ever for businesses to expand. This is great news for companies who want to open a branch in the EU but need to choose a location where they can set up a subsidiary quickly. However, since setting up a subsidiary in Luxembourg is still a remarkably detailed and involved process, you should consider several factors before jumping in.

Once you decide on Luxembourg, you'll need to carefully consider the exact location of your subsidiary. Culture and languages can vary based on region, which can impact how your firm operates. Generally, employees in Luxembourg consider business to be formal and strive to separate private and corporate life.

A foreign company can choose to register five different types of businesses. The most popular is a Société à Responsabilité Limitée (S.a.r.l.), which is similar to a private limited liability company. Most companies who want to set up a Luxembourg subsidiary choose this option. However, your choice depends on how active you will be in the country.

The steps to set up a Luxembourg subsidiary include:

- Deposit the minimum capital amount
- Verify your company and reserve your name
- Get a notary to draft and notarize your company deed
- Apply for a business license
- Register with the Trade and Companies Register
- Register for VAT
- Unblock the authorized capital

## **Luxembourg Subsidiary Laws**

Luxembourg subsidiary laws vary based on what kind of business you register for. For an S.a.r.l., you'll need a minimum paid-up capital of 12,400 EUR. This capital is divided into participation certifications that are not freely transferable. You can have no more than 40 shareholders, and shareholders are liable up to the amount of their paid-up capital.

Other laws include making sure your company name is unique, setting up in-country bank accounts to deposit your capital, and officially becoming incorporated before a Luxembourg notary public.

## **Benefits of a Luxembourg Subsidiary Setup**

Once you follow all Luxembourg subsidiary laws and start operating your business, you can enjoy multiple benefits. Subsidiaries can run independently from your parent company, protecting the parent company from any costly litigation or mistakes. This arrangement also benefits the subsidiary as you can choose the best structure that fits Luxembourg's culture.

## **What Do You Need?**

Before you prepare any paperwork for your subsidiary, you'll need to designate some roles within your company. Someone will need to set time aside to travel back and forth to Luxembourg throughout the process. Another staff member will need to learn all the ins and

outs of Luxembourg subsidiary laws if you do not plan to outsource.

You'll also need to set aside the right amount of money to start your Luxembourg subsidiary. From putting the startup capital together to paying for flights, your business will need to financially prepare for the costly road ahead.

### **Alternatives to Establishing a Luxembourg Subsidiary**

It takes a month or more to set up a Luxembourg subsidiary on your own. Instead, you'll find significant benefits from working with global PEO rather than setting up your own subsidiary in Luxembourg.

At Globalization Partners, we'll hire employees through our established subsidiary in Luxembourg to work for you in a matter of days. Then we'll act as your Employer of Record and help you follow all of Luxembourg's labor laws to stay compliant, giving you ongoing support every step of the way.

### **Choose Globalization Partners**

Establishing a subsidiary on your own requires a significant amount of time and money. Save both with Luxembourg hiring and compensation outsourcing services from Globalization Partners. Contact us today to learn more about our services.