



## SCSp

### Special Limited Partnership

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#### DEFINITION

A Luxembourg SLP is defined in the Company Law as a partnership entered into, for a limited or unlimited period of time, by one or more unlimited partners with unlimited, joint and several liabilities for all obligations of the common limited partnership, and one or more limited partners who only contribute a specific amount constituting partnership interests which may be but need instruments as provided in the partnership agreement.

#### LEGAL BASIS

The Law of 12 July 2013 on Alternative Investment Fund Managers (AIFM law).

#### OBJECTIVE

The objective is for Luxembourg to compete with the most attractive common law legal structures (Ireland, Scotland, Caymans, etc.). SLPs were designed to be very attractive for investors and fund managers, in particular in the fields of private equity, hedge funds and the real estate funds industry. The SLP combines high contractual freedom regarding the placement of private equity funds and favorable tax treatment for the managers of this fund.

#### FORMATION

A Special Limited Partnership may be set up with only two partners : at least one GP and at least one LP, for a limited or unlimited duration. No minimum legal capital is required.

Contributions may be made in cash or in kind industry. Contributions in kind are not subject to evaluation reports by an external auditor.

SLPs must be registered with the Luxembourg Trade and Companies Registry (RCS). Confidentiality is guaranteed as there is no Memorial C publication requirement (although excerpts of the LPA must be published) and the share capital, names and contributions of LPs, as well as financial statements are not subject to publication.

#### MANAGEMENT SCOPE

The SLP has no legal personality. The liability of general partners is unlimited according to the principle of joint and several liability while the liability of limited partners is limited to their contributions under certain conditions.

The SLP can be used by structures of regulated and unregulated investment. Unregulated SLPs will be mainly governed by the Companies Act, and if they fall under the AIFM law, they should also comply. Regulated SLPs will be subject to specific regulations applicable to regulated chosen vehicles. An investment company in risk capital (SICAR) or specialized investment fund (SIF) under the form of a SLP is regulated and supervised by the Financial Supervisory Commission (CSSF).

#### TAXATION

The Luxembourg tax authorities confirmed the treatment of SLPs in a Circular L.I.R n° 14/4 dated January 9th 2015.

SLPs enjoy full tax transparency and tax neutrality.

They are exempt from corporate income tax, as well as net wealth tax. Their profits are exempt from municipal business tax unless their GP hold a participation of 5% or more, or if the SLP carries out a business activity (business income theory). As such, an SLP which qualifies as an Alternative Investment Fund (AIF) is deemed not to be conducted a business activity.

Finally, unless application of the general tax system, the income they distribute escape any withholding tax mechanism.