

Luxembourg Common Limited Partnership (SCS)

GENERAL OVERVIEW

Legal Basis: Governed by the Luxembourg Law of 10 August 1915 (Company Law) and the Law of 12 July 2013 on Alternative Investment Fund Managers (AIFM Law).

Regulatory Oversight: Not subject to direct CSSF supervision unless managed by an AIFM.

Legal Personality: Has a separate legal personality.

Target Investors: Institutional, professional, and private investors looking for flexible and tax-efficient fund structures.

Setup Timeframe: The setup timeframe ranges from 2 to 4 weeks, depending on the complexity of the structure and the preparation of documentation.

Key Features

Corporate Flexibility: Operates under a partnership agreement with broad structuring options.

Legal Structure:

- Requires at least one General Partner (GP) with unlimited liability.
- One or more Limited Partners (LPs) with liability limited to their contributions.
- No minimum capital requirements.

Investment Scope: Suitable for private equity, real estate, venture capital, hedge funds, debt, and other alternative investments.

Quick Time-to-Market: No regulatory approval required; operational immediately upon registration.

Contractual Freedom: Terms and conditions fully customizable in the Limited Partnership Agreement (LPA).

Taxation

Tax Transparent: SCS is fiscally transparent and not subject to corporate income tax, net wealth tax, or municipal business tax in Luxembourg.

Taxation at Partner Level: Limited Partners are taxed in their jurisdiction of residence. General Partner may be subject to Luxembourg taxation if receiving management fees.

No Withholding Tax on profit distributions.

Potential Tax Treaty Benefits: Can benefit from tax treaties if structured correctly.

Advantages of SCS

1. **No Direct Regulation:** Not supervised by the CSSF unless managed by an AIFM.
2. **High Flexibility:** No restrictions on governance, investment strategy, or distributions.
3. **Tax Efficiency:** Full tax transparency and no withholding tax.
4. **Investor-Focused Structure:** Suitable for institutional, professional, and private investors.
5. **Cost-Effective Setup:** No capital requirements, no depositary needed (unless under AIFM Directive), and low compliance burden.
6. **Efficient Transferability:** LP interests can be transferred as per the LPA.

Governance & Service Providers

General Partner (GP): Responsible for fund management and decision-making.

Alternative Investment Fund Manager (AIFM):

- Required if the SCS qualifies as an Alternative Investment Fund (AIF).
- If appointed, enables EU passporting for cross-border fundraising.

Depositary Requirement: Only necessary if managed by an AIFM.

Central Administration: Must maintain books and records in Luxembourg.

Auditor: Not mandatory unless classified as an AIF.

Use Cases

Private Equity & Venture Capital Funds
Real Estate Investment Vehicles
Debt & Credit Funds
Hedge Funds & Family Office Structures

Setup & Support

- Assistance with structuring and registration of an SCS in Luxembourg.
- Drafting of the Limited Partnership Agreement (LPA) and legal documentation.
- Ongoing administration, management, and tax compliance services.

For further details or assistance in setting up a Luxembourg SCS, please contact **KENDRIS Capital Limited**.

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