

**FAQ: The annual accounts of Luxembourg companies are available online, free of charge, and their content complies with European Union legislation.**

The annual accounts of Luxembourg companies organised as limited liability companies have been available to the public for decades and well before 2016.

Luxembourg accounting law has been built around the axiom “accounting publicity as a counterpart to the limited liability of shareholders”. In this context, the annual accounts of Luxembourg companies organised in the form of a société anonyme (SA), a société en commandite par actions (SCA) and a société à responsabilité limitée (S.à r.l.) have been accessible to the public for several decades (law of 4th May 1984) and for more than a century in the case of SAs and SCAs (law of 10th August 1915).

With the development of information technology, Luxembourg companies have been obliged since 2012 to file their annual accounts electronically, which facilitates their remote consultation by any stakeholders and other interested party.

With the reform of the trade and companies register (law of 19 December 2002), the annual accounts of Luxembourg companies, previously filed in paper form, have been digitised in order to facilitate their communication and remote consultation by any interested party. Since 2012 and the implementation of a standardised collection of financial data (eCDF platform), Luxembourg companies are obliged to file their annual accounts electronically. In the vast majority of cases, this collection is carried out using structured forms, which facilitates the comparison, use and exploitation of financial data.

In order to promote transparency and to limit any barrier to the consultation of annual accounts, consultation has been entirely free of charge since June 2016 and can be carried out without any identification obligation.

Initially subject to a fee (€2.50 excl. VAT per set of accounts), the consultation of the annual accounts has been entirely free of charge since 1<sup>st</sup> of June 2016 so that transparency can benefit as many interested parties as possible. Similarly, interested parties wishing to consult financial data no longer need to identify themselves by creating an account and can freely consult company financial data.

Luxembourg companies subject to accounting disclosure must file their annual accounts no later than 7 months after the closing date. Late filings are automatically subject to an increased fee. In addition, failure to file annual accounts may lead to the implementation of criminal sanctions against the legal representatives of the company and may even lead to the dissolution or judicial closure of the company.

The filing of the annual accounts of Luxembourg companies must take place within 7 months following the end of the financial year. In response to the delays noted in the past, a system of increased filing fees has been implemented as from 1st January 2017 (annual accounts for the financial year 2016). The introduction of these late filing surcharges has significantly reduced the number of late filings and the duration of the delays observed (progressive fees).

It should be noted that Luxembourg goes beyond the requirements of the European Accounting Directive which requires publication of annual accounts within 12 months of the end of the financial year.



The report published by STATEC in May 2020 entitled “La Centrale des bilans: un état des lieux décennal” (“The Central Balance Sheet Office: a ten-year review”) shows that 87% of companies had filed their annual accounts within 11 months of the end of the financial year (reference financial year 2017).

In addition to administrative surcharges, it should be noted that in the event of failure to file annual accounts within the legal deadlines, managers and directors are exposed to criminal sanctions. Similarly, the failure to file annual accounts is a serious breach of the law on commercial companies and may lead to the dissolution or judicial closure of the company.

### **The Covid-19 pandemic and the ensuing containment measures led to an exceptional extension of 3 months of the legal deadlines for filing and publication of companies’ annual accounts.**

The exceptional circumstances linked to the Covid-19 pandemic and the containment measures for companies and their accountants led to the adoption of a law extending the legal deadlines for filing by 3 months.

The delay in the filing of annual accounts for the financial year 2019 is therefore exceptional and justified in view of the circumstances. In this respect, a catch-up effect was noted at the end of 2020 and the beginning of 2021.

### **The limited content of the notes to the annual accounts: consequence of the European accounting regime applicable to “small companies”.**

In Luxembourg, as in the other Member States of the European Union, the annual accounts of companies consist of at least the balance sheet, the profit and loss account and the notes to the annual accounts. The notes to the accounts are a key document that contributes greatly to the objective of a true and fair view.

However, the content of the notes to the accounts is currently very limited, as the European Accounting Directive has implemented a simplified regime in 2013 to reduce the administrative burden on small companies. The Member States cannot free themselves from the European rules specific to the accounting regime for small companies and do not have the option of requiring the addition of disclosures not required by the European text.

### **The specific absence of information in the appendix concerning shareholdings and subsidiaries.**

Under European accounting law, small companies are exempt from the obligation to present in the notes to the accounts information relating to companies in which they hold a participation.

However, this information appears in the consolidated accounts of the Luxembourg company or of the company in which it is itself included as a subsidiary.

### **Luxembourg has not availed itself of the option to introduce the European accounting regime applicable to “micro-enterprises” which exempts them from the obligation to draw up an appendix or even to publish their annual accounts.**

If the content of the notes to the annual accounts of small companies is limited, it should be noted that European accounting law allows Member States to introduce an accounting regime applicable to micro-enterprises which exempts them from the obligation to draw up notes to the annual accounts.

Many Member States have made use of this optional regime, some even going so far as to exempt micro-enterprises from the obligation to publish their annual accounts (option of confidentiality of accounts).

It should be noted that Luxembourg has chosen not to introduce this accounting regime applicable to “micro-enterprises”. The introduction of such a regime would have had the effect of significantly reducing the level of information publicly available to interested parties for a significant number of companies.