

CONNEXION

DOING BUSINESS IN LUXEMBOURG



Pierre Bley, President of Œuvre Nationale de Secours Grande Duchesse Charlotte
with Paul Schonenberg, AMCHAM Luxembourg Chairman and CEO
on the occasion of the launch of

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CONTENT



▼
Susan Alexander

30



▼
Let's Have HOPES

22



▼
US Tax Reform - What It Means To US Taxpayers Abroad

32

▼

NEW MEMBERS 4

▼

A WORD FROM THE CHAIRMAN

Chairman's Remarks 5

▼

SPECIAL FEATURE

Life And Career Advice
From Successful Leaders. 6

▼

INFORMATION TOOLBOX

New European Steps
On The VAT Digital Journey 10

How Can Communities Of Practice
(CoP) Act As Catalysts To Dynamise
Inside-Organizations? 12

The "Omnibus" Law 14

▼

AMCHAM COMMITTEES

Amcham And BCC Lunch With
The CNPD: "Data Transfers To
Non-EU Countries Under The GDPR"... 11

Luxembourg VAT Group:
Well On Its Way 16

Cryptocurrency Funds: Which Options
Are Available In Luxembourg? 20

US Tax Reform - What It Means
To US Taxpayers Abroad 32

▼

MEMBER SPOTLIGHT

Let's Have HOPES..... 22

▼

COMMUNITY NEWS

In Memorial: Barbara Bush..... 18

Upcoming AMCHAM Events..... 34

▼

LANGUAGE LEARNING

The Launch Of AMCHAM's
mateneen Projects 26

▼

EXPAT PROFILE SNAPSHOTS

Jim Robinson - People Want
To Feel More Connected... .. 28

Susan Alexander - Third Country
National Profiles..... 30

Find out about
our upcoming events



NEW MEMBERS **CHARTERED****QBA
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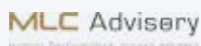
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CHAIRMAN'S REMARKS



Paul-Michael SCHONENBERG

Dear Members and Friends,

Welcome to the Spring issue of the AMCHAM magazine!

Wow! What a great Winter season we all have had! Peaceful Luxembourg is indeed becoming an exciting place!

In this issue, we have included content related to AMCHAM's Winter programs. You will see we have had a very busy schedule of events covering quite a wide sweep of activities. This is exactly as we like it!

For our American colleagues, we have started with an overview of the recently announced U.S. Tax Reform with emphasis on what it means for the U.S. tax payers abroad. Additionally, we have included two information articles about VAT.

We have published an article concerning our terrific event about data protection which we did in partnership with the British Chamber of Commerce at the Streff facilities in Windhof. Our thanks to Streff for sponsoring and putting on this great event!

For the first time, we have made a significant effort to put on a big event to celebrate International Women's Day. Hosted by PwC and with a keynote address by Member of the European Parliament and Former Vice-President of the European Commission Viviane Reding, we presented "life and career advice for successful leaders" which featured Marie-Jeanne Chèvremont (MJC Conseil), Véronique de la Bachelerie (Société Générale Bank & Trust), Genna Elvin (TADAweb) and John Parkhouse (PwC Luxembourg). These strong leaders shared their best practices, advice and leadership... and then participated in a "Kitchen Table Conversation" under the leadership of Lisa-Francis-Jennings (Strataffect). Please see the article that Lisa has written summarizing the conversation.

Also included in this issue of Connexion, please find excellent expat interviews with Jim Robinson, the American editor of the Luxembourg Times and Susan Alexander, a long term Luxembourg resident from New York.

We will continue to work hard to protect, serve and promote our member companies. If you are our member already, thank you for your support! If you are not already a member ... contact us at (+352) 43 17 56 or www.amcham.lu and join our family!

My best regards,

Paul-Michael Schonenberg
Chairman and CEO

LIFE AND CAREER ADVICE FROM SUCCESSFUL LEADERS



Imagine your most fruitful, memorable, enjoyable, rambunctious & rewarding conversations. March 8th saw a unique gathering at PwC headquarters, our event sponsor, for the **Life and Career Advice from Successful Leaders** event. With PwC Luxembourg, the AMCHAM team brought together an amazing panel of successful people from across business sectors, to celebrate International Women's Day with a Kitchen Table Conversation.

John Parkhouse (CEO, PwC Luxembourg), kicked off the evening with a welcome to the approximately 200 men and women in the audience, opening remarks were given by Paul Schonenberg (Chairman & CEO AMCHAM), and then speaker introductions were made by Vinciane Istace (Diversity and Communication Leader, PwC Luxembourg).

The panel consisted of Viviane Reding (MEP), Marie-Jeanne Chevremont-Lorenzini (Independent Director, MJC Conseil), Véronique de La Bachelerie (Administrateur Délégué, SGBT/DIRE), Genna Elvin (Owner, TADAweb), and John Parkhouse (CEO, PwC Luxembourg).

Special guest and keynote speaker, Viviane Reding, stressed the importance engaging with others in conversation. This simple but powerful first step is integral to breaking the silence, which enables social and structural barrier to equality. Following brief statements that summarized sage advice for career and personal life from her fellow panel members, the collective group told short stories and gave life lessons, shared personal anecdotes and used a bit of humor while discussing tips for success and giving advice for people at every stage of their career.

The panel discussion, moderated by Lisa Francis-Jennings, and organized in a Kitchen Table Conversation format, was a spontaneous and lively dialog that not only produced a rich field of advice, but spilled out into the informal networking afterwards. The advice fell mainly into 5 categories for organizing yourself for success...

Planning & Preparation: Understand your true career aspirations. Break down the steps needed to achieve your goal. Know your strengths and don't be afraid to sell them. Organize your back-office at home like you organize the back-office at work. Set your priorities. Change them as required.



Attitude & Commitment: Be passionate; find something you love to do, figure out where (and/or how) it fits and do it! Be excited to get up every Monday. Think about what reputation you want to have; and then be true to the principles that will build it. No matter how hard you try, remember that part of the equation is luck, so be humble and helpful to others. The impact of being in the right place at the right time cannot be underestimated; get out and network! Be grateful for your successes and help others when you can. The more each of us succeeds the more we all succeed. Reframe the conversation; don't get stuck in one perspective. It is not about men or women, it is about humans.

Connection and Networking: Surround yourself with good people; recognize their talent. Leverage and encourage the talent in each other. Enlist support from those around you. Help others get ahead. Look for Role Models and emulate the best in them. Find a Mentor *and* a Sponsor. Networking is as much a part of your job as any other element. Make time to network – and make it a priority – throughout your career.

Community Action: Be an activist in your community. Be a voice for those who have none. Demand equal treatment and equal pay for equal work. If you have children in school, get involved; know what *and* how your kids are being taught. Understand that we are all the problem, men and women (see this video from BBC: <https://www.youtube.com/watch?v=nWu44AqF0iI>). You may never be able to fully know every unconscious bias you have, but continue to reflect and educate yourself.



Courage & Tenacity: Have a dream. Give yourself permission to ask for what you need: be ready, willing and able to sell yourself and your ideas. Think about your key message, rehearse it, make sure you are clear and succinct, then ask. If you don't, how will anyone know. Know your competencies – try to be the best at something. Always have champagne, or a good Luxembourgish crement, on hand. Accept that failure and success go hand-in-hand; few enjoy one without the other. Failure is valuable. When you fail, don't turn away. Stare at it directly and consider what lessons you (and others) have learned and then move on. You will fail again. Don't dwell on it. And never, never allow the fear of failure keep you from thinking big ... and outside of the box!

The panel discussion was followed by refreshments and very animated networking. All in all, a totally inspirational evening. Comments from people in the audience included:

"I learned things that I can do tomorrow to make a difference", "I now know I must face my fear and succeed, not just for me but all women", and "the panel was so relaxed and informative, I felt like I was sitting in the circle with them, gaining from their knowledge directly".

AMCHAM would like to thank panel members, for their high-quality comments and engaging conversation on the topic, and the organizations that helped make this event such a success: **PwC event sponsor, AVRIS, American Women's Club of Luxembourg, Equilibre, Femmes Leaders Luxembourg, IMA, The NETWORK, WIDE and Women in Business**, loyal partners that support AMCHAM's ongoing effort to keep diversity and gender balance on the forefront of business conversation.

By Lisa Francis-Jennings

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The image shows the J.P. Morgan logo in a dark brown, cursive script font. The letters are fluid and interconnected, with a prominent 'J' and 'P' at the beginning. The logo is positioned in the lower half of the page, set against a light, textured background.

NEW EUROPEAN STEPS ON THE VAT DIGITAL JOURNEY

On 5 December 2017, the Economic and Financial Affairs Council approved an extensive e-commerce VAT package. As part of the European Commission's Digital Single Market strategy, this package will amend the current VAT system in order to better face a commercial reality where the internet and digital technologies have changed the way we live and do business. In particular, the proposed measures include:

- new rules allowing businesses that sell goods online to comply with their VAT obligations through a digital online portal, i.e. "One Stop Shop", in their own language;
- a yearly threshold of €10,000 under which cross-border sales to other EU countries will be treated as domestic sales for e-commerce companies as from 2018;
- the removal of the current exemption from VAT for imports of small consignments from outside the EU worth no more than €22; and
- the responsibility for online marketplaces to collect VAT on sales made on their platforms, by non-EU merchants to EU consumers.

This initiative, due to enter into force in 2021 (with the exception of the above-mentioned VAT threshold) fulfils a core commitment of the Commission's Digital Single Market strategy, which acknowledges that the current EU VAT rules, agreed before the rise of the internet and the boom in online sales, are no longer fit for purpose. Today, according to data shared by the EU Commission, trade related to online sales in Europe is worth €550 billion each year, out of which up to €96 billion relates to cross-border trade. However, the potential of the online economy is thought to be much higher and only by creating a stable legal and economic environment in the EU internal market, can EU businesses thrive while appropriate VAT revenues accrue to the Member States.



Yannick Zeippen



Ana-Bianca Manole

Under the current EU VAT rules, companies selling goods online face annual VAT administrative compliance costs of up to €8,000 euro for each EU country in which they sell. On their side, Member States face €5 billion of lost VAT revenue due to non-compliance on cross-border online sales. This relates in particular to goods sold online on the EU internal market by non-EU companies. Up to 70% of non-EU online traders, in the normal course of their business, store goods in the fulfilment houses of EU online platforms, pending the sale of such goods; this creates a problem for EU tax authorities as they often have difficulties in collecting the VAT due on goods owed by non-EU companies.

This will change starting from 2021 when online marketplaces become responsible for collecting VAT on sales made via their platforms by non-EU companies to EU consumers. To date, the practical aspects of this initiative have not been outlined and are due to be included in the implementing regulation of the agreed directive. However, the EU Commission has made clear its intention to involve the relevant stakeholders in developing the implementing regulation.

Indeed consultation already began on 27 February, in relation to the fight against VAT fraud on cross-border online sales to final consumers, which intends to be complementary to the e-commerce VAT package.

Meanwhile, many believe that creating liability at the level of the online marketplace itself is in conflict with the overall principles that inspired the general VAT framework, considering that the person liable for VAT in a B2C supply of goods is usually the seller (unless the distance sales regime is applicable). Additionally, marketplaces do not often have at their disposal the information needed to establish the appropriate VAT treatment of a given sale of goods. A final criticism arises from a procedural perspective; taking into account that the proposal to allocate the tax collection liability to the online marketplace was not included in the EU Commission's original proposal, the opportunity never arose to carry out a preliminary impact assessment that would have evaluated the potential (negative) effects of such a measure before its adoption.

All in all, these are times of change. The EU legislator has reacted to public outcry that for years has pushed for change. However, creating an up-to-date VAT system that is fit for the current digital economy is likely to be a complicated process and should actively involve all concerned stakeholders in order to avoid negative consequences in the interim.

As a globally integrated firm, EY is well positioned to assist all stakeholders in making their voice heard and ensuring their interests are taken into account at local and EU levels. If you want to be involved in the consultation process, please contact us.

Yannick Zeippen

Indirect Tax Partner, EY Luxembourg

Ana-Bianca Manole

Tax advisor, International Tax Services, EY Luxembourg

AMCHAM AND BCC LUNCH WITH THE CNPD: “DATA TRANSFERS TO NON-EU COUNTRIES UNDER THE GDPR”

On 28 February, the American and the British chambers of commerce co-organised an event together with the *Commission Nationale pour la Protection des Données (CNPD)* and Streff Data Protection Services PSF who hosted the event in Windhof, followed by a guided tour of their premises. Mrs Tine A. Larsen (President of the CNPD) gave a general introduction on the new General Data Protection Regulation (GDPR), its entry into force and the shift it brings across all industries in relation to the protection of personal data. Mrs Larsen talked about the new role of data protection authorities in Europe and how the CNPD approaches it. The CNPD will have role of supervisor but is also there to guide industry players and help them navigate the new and complex regulation including through its involvement in data protection impact assessments for processing that would present high risks in the absence of measures taken by the controller. On its website, the CNPD makes available several tools such as a new brochure providing guidance on data protection obligations (available in both French and English), a data breach notification form and a “GDPR Compliance Support Tool” developed together with the Luxembourg Institute of Science and Technology (LIST). Mr Arnaud Habran from the legal department of the CNPD outlined the general principles applicable under the GDPR and more particularly the mechanisms provided for transfers of personal data from the EU to non-EEA countries.

Mr Habran first listed the main obligations of controllers and processors, including (a) the requirements to have and maintain a record of processing activities, ensure the security of personal data processing and notify data breaches, carry out data protection impact assessments as the case may be, appoint a data protection officer on a mandatory or vol-

untary basis, carefully chose processors, and respect the rights of data subjects as well as (b) compliance with certain principles such as accountability (i.e. not only complying but also being able to demonstrate compliance with the regulation) and data quality. On this last point, Mr Habran reminded that data processing must be lawful, fair and transparent and respect a number of principles including purpose limitation, data minimisation, data accuracy, storage limitation, integrity and confidentiality.

Then, Mr Habran progressed on the main topic of the event by talking first about processing by sub-contractors (and their obligations as processors) and the free circulation of personal data within the European Union. Several general principles apply notwithstanding whether personal data is shared within or outside the European Union, including purpose limitation and transparency.

Mr Habran listed the different situations in which personal data might be transferred outside of the European Economic Area: to countries being granted an adequacy decision or on the basis of adequate safeguards without the authorisation of the CNPD (for standard data protection clauses and binding corporate rules) or with the authorisation of the CNPD (*ad hoc* contractual clauses). In case of transfers to countries not being recognized as providing an adequate level of protection and if no adequate safeguard can be adopted then several derogations may apply (such as consent, necessity for the performance of a contract with the data subject, for the establishment, exercise or defence of legal claims, etc.). As a last resort, if none of the limited derogations apply, transfers may be possible on the basis of legitimate interest but subject to stringent and cumulative conditions.

Mr Gary Cywie, counsel IP, IT and data protection at Elvinger Hoss Prussen, developed some practical aspects of the subject. Since the event was co-organised by the British Chamber of Commerce, Brexit was a topic of choice (which Mrs Larsen and Mr Habran briefly touched upon). Mr Cywie took the opportunity to emphasise the importance of the United Kingdom in the European Union data protection policy making, including the GDPR and to say that, although uncertainty remains, he would be very surprised if the United Kingdom was not granted an adequacy decision allowing free transfers of personal data from the European Union to the United Kingdom after the withdrawal date.

He also gave some details on how transition will work in relation to existing transfer mechanisms now enshrined in the GDPR, when it becomes applicable on 25 May, namely corporate binding rules and standard data protection clauses (currently well known as EU Model Clauses or standard contractual clauses). Although currently challenged before courts, the latter remains the most reliable and convenient tool for transfers to non-EEA countries in the absence of an adequacy decision (including post-Brexit if no adequacy decision is granted to the United Kingdom). Standard clauses entered into and previously authorised by the competent data protection authority before 25 May will remain valid under the GDPR, until such time as the considered set of clauses or authorisation is amended, replaced or repealed if necessary by the EU Commission or data protection authority concerned, respectively.

At the same time as Mr Cywie was speaking in Windhof, the EU Commission published the draft Withdrawal Agreement between the European Union and the United Kingdom...

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The British Chamber
of Commerce for Luxembourg

HOW CAN COMMUNITIES OF PRACTICE (COP) ACT AS CATALYSTS TO DYNAMISE INSIDE ORGANIZATIONS?

In the current economic environment, many businesses have to face major changes and transformations and must constantly adapt and re-adjust their strategies. Technological development spurs the exchange of information and more exactly of knowledge at an exponential velocity. Companies compete to capture the right expertise and in parallel they have to face rapid obsolescence of the acquired knowledge. Tacit knowledge is the main focus point of the attention. Usually we associate this concept with know-how or expertise implying that the main difficulty lies in the fact that it is intangible, “belongs” to individuals and is thus difficult to collect. In a corporate context, this means they have to be capable of attracting the right talents who can, on the one hand, bring important knowledge to the company and on the other hand, who can quickly grasp new knowledge and put it into application. People are, therefore, at the heart of the process and companies have to determine how to create the right environment on which to extend their existing internal knowledge pool in order to become more attractive and capture new talents.

Communities of practices as critical knowledge drivers

One of the concepts proposed by researchers regarding how to handle knowledge in a corporation refers to communities of practice, which can be defined as a group of people who gather and share a common interest in a specific topic and are keen to learn and improve practices around that topic. The strength of the CoP depends on the diversity of the participants, allowing confrontations of perspectives and thus in the end the emergence of new and innovative perspectives. Cultivating CoPs requires companies to achieve the right balance between “laissez faire” and the imposition of strict working procedures. The right approach to CoPs is to align the objectives of the community with those of the company, whilst at the same time allowing the CoP sufficient flexibility to spark its own dynamism and implement procedures that suit its internal culture. Nevertheless, it remains up to the company to legitimize the CoP and to demonstrate its added value to the development of the community in order to motivate employees to participate and actively contribute to the CoP. The other issue is to make it clear to the managers that the time their employees spend in the community is well invested for the overall organization. To attribute greater value to the CoP, the organization has to allocate a sufficient percentage of the employees’ worktime to

taking part in the development of the community. In this context, the support of the organization is a crucial element for the survival of the community.

CoPs can be as diverse as the people who are involved in them, nevertheless they are all based on three common pillars which are a shared repertoire, a mutual engagement and finally a common project. These are the fundamentals for any working CoP. Under shared repertoire we mainly understand the different resources (tools, frameworks etc.) used by the CoP. Mutual engagement corresponds to the social interaction of members in the community and last but not least the common project provides the CoP with an identity which motivates the different members to participate.

Companies promoting CoPs need consider carefully when nominating the community animator. (S)He will be the person who ensures the dynamism of the community and the active participation of all members. Their role will be all the more crucial at the beginning of the CoP as it is a delicate moment for the community to overcome in its life cycle. Members may either be appointed directly by the company or could join on a voluntary basis, nevertheless the cohesion of the community is not yet guaranteed during the early stage of development and the animator becomes the person of reference for

the CoP. It is, therefore, all the more necessary to find someone to take the lead, who is dedicated to the community and supports the chosen topics. Among other tasks, (s)he will have to be in charge of monitoring the three pillars mentioned earlier to ensure the stable development of the community through its whole life cycle.

Companies can implement CoPs for a variety of reasons. A CoP could be a structure that supports a company’s change initiative in the sense that the CoP can facilitate employee understanding of the measures and thus ease the transition. A CoP can be of use for companies that want to provide more space to innovate and allow the community to explore new avenues linked to the business strategy. Or a company may want to implement an ERP, employing a CoP to smooth the implementation by identifying all potential obstacles and fears among their co-workers as well as the various possibilities to mobilise CoPs in the company. Fusions and acquisitions are processes that could benefit from the implementation of one or more CoPs depending on the size of the organizations involved. Fusion/acquisitions constitute moments when at least two different organizational cultures are merged; from this moment they need to co-exist before making the transition to the new organisational structure. Communities in such processes can help to provide snap-



shots of the different cultures and could, thus, ease understanding of each other. The community could be appointed to develop methodologies to simplify the overall cultural understanding among the different employees.

The benefits for the different stakeholders

The benefits for the organization are quite diverse and may be spread over a longer period. A CoP provides employees with a space where they can improve their abilities and capacities meaning that they become more operational, their decisions are more enlightened and thus they contribute to the overall improvement of performance in the organization. Furthermore, a CoP is composed of a mixture of individuals from different backgrounds and perspectives that supports more creativity to solve problems. This situation creates an attractive work environment for new talents who want to experiment and discover new approaches. For the company, this means that it is better placed to attract and also retain these talents. As CoPs provide space to develop new expertise, employees may also acquire

non-planned competencies through regular participation. With a growing interest in participating in a CoP, the internal culture of the organization will start to shift towards a knowledge sharing culture in which the employees appreciate the advantages of sharing to attain better results and to gain new insights. As a consequence, the company also becomes more innovation oriented.

There are many advantages of being part of a community; the CoP provides a space to benefit from additional professional support to solve problems. Members have the possibility to reflect on their daily work practices; they have the opportunity to assess the situation and capture the bigger picture, perhaps even re-adjusting work procedures. Furthermore, thanks to their investment in the CoP, they can improve their skills and expertise and also keep them updated. Finally, they can nurture their professional identity.

CoPs are interesting structures with a main focus on learning and expertise development that allow employees to gather and improve their professional capacities. The

collaborative dynamic that emerges over time and the continuous practice of sharing position the CoP as an innovative space that adds value to the company in general. It is important for businesses to understand and legitimate the existence of the CoPs and to promote their creation by creating a network of communities. Each CoP may be dedicated to its own field of expertise and yet still contribute to the general innovative capacity of the company.



by **Lisa Obringer**
Consultant @ MindForest & PhD student
at the University of Luxembourg

Lisa Obringer is the guest speaker at our 11 June ABAL Lunch. Please join us to learn more about this topic! Sign up at www.amcham.lu

THE “OMNIBUS” LAW

DATED 8 APRIL 2018

(PUBLISHED ON 11 APRIL 2018 AND EFFECTIVE FROM 15 APRIL 2018)

IN 10 POINTS

1. Full maintenance of salaries in case of work incapacity due to illness: the Law specifies the rules which are to apply when determining the salary to be paid during the incapacity period:

At the time of the occurrence of the illness	Full maintenance	Exclusion
<ul style="list-style-type: none"> Employee having his/her work schedule until the end of the calendar month covering his/her work capacity 	→ based on the predefined work schedule as if the employee had performed his/her work	The non-recurring benefits, bonuses, balance sheet premiums, incidental expenses related to the performance of work and overtime hours
<ul style="list-style-type: none"> Employee does not have his/her work schedule until the end of the calendar month covering his/her work capacity 	→ employee entitled to a daily allowance corresponding to the average daily salary calculated over the last six months	
<ul style="list-style-type: none"> Employee paid by performance or by task or his/her salary is based on a % of the turnover 	→ employee entitled to a daily allowance corresponding to the average daily salary calculated over the last 12 months or during the period of actual occupation	
<ul style="list-style-type: none"> Employee's seniority is less than 12 months 		

2. Student work: increase from 10 to 15 hours in the weekly time that students are allowed to work outside school holidays under a fixed-term employment contract of a maximum duration of five years.

3. Resignation of the employee due to the employer's gross misconduct: new entitlements to payment in lieu of notice and severance indemnity for the employee in case he/she resigns with immediate effect due to the employer's gross misconduct and the resignation is declared justified by the labour court.

4. Legal recourse of the Employment Fund (“Fonds pour l’Emploi”) against the employer: if an employee’s resignation due to the employer’s gross misconduct is declared justified, the employer has an obligation to reimburse the unemployment indemnities paid to the employee.

5. Legal recourse of the Employment Fund against the employer and the employee: in case of a settlement agreement signed in the context of a resignation/dismissal with immediate effect for gross misconduct, the parties are required to reimburse to the Employment Fund, in equal parts, the unemployment indemnities paid to the employee.

6. Reemployment assistance (“aide au réemploi”): the reform consists of encouraging the employer to pay a “realistic” salary. Therefore, the reemployment assistance cannot exceed 50% of the gross salary paid by the new employer. The new salary and the reemployment assistance must match either 90% of the previous salary, or an amount equivalent to the limit of 3.5 times the minimum social salary (“salaire social minimum”).

7. Hiring assistance: reimbursement of 12 times 50% of the minimum social salary to the employer who hires, under an indefinite employment contract, a job-seeker who is at least 45 years-old, or reclassified (“travailleur reclassé”), or handicapped, following the conclusion of a professional training internship (“stage de professionnalisation”).

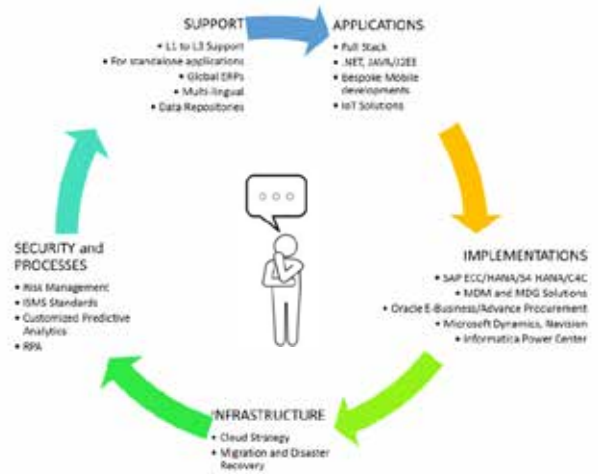
8. Contribution of the State to the handicapped employee’s salary this contribution is mainly based on the yield lost due to the employment of the handicapped employee. The lower limit of the State’s participation has been reduced from 40% to 30% (and may be increased up to 100% of the employee’s salary) including the employer’s social security contributions.

9. Income tax bonus in the event of hiring unemployed individuals: there is a modification regarding two elements of the income tax bonus which amounts to a monthly deduction of 10% of the gross salary. Firstly, entitlement to the income tax bonus is now subject to the condition that the hired individual has been registered at the ADEM for at least six months (instead of three months). Secondly, the length of the tax bonus has been reduced to 12 months (instead of 36 months).

10. Paid annual leave: the leave may be taken all at once, unless the needs of the service or the employee’s wishes require a division of the leave. In the latter case, there is a requirement that at least one portion of the leave must amount to a minimum of two calendar weeks (instead of 12 continuous days).

By André Marc, Gilles Dall’Agnol, and Gabrielle Eynard
from Allen & Overy

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LUXEMBOURG VAT GROUP: WELL ON ITS WAY



On 5 March 2018, the Minister of Finance, Mr Gramegna, answered to Mr Laurent Mosar, MP, that the draft bill implementing the VAT group regime will be lodged with the Parliament in April at the latest. Despite the absence of an official text and a crystal ball, we can already outline the main reasons why the Luxembourg government has decided to implement the VAT group regime and what its main features could be based on the experience of other EU member states.

The introduction of the VAT group regime in Luxembourg is justified by the jurisprudence of the Court of Justice of the European Union, which decided, on 21 September 2017, that the benefit of the exemption for services rendered by independent group of persons (IGP) must be restricted to activities in the public interest. This was a major change for the financial industry, which for years has implemented a large number of independent group of persons in order to share resources without incurring additional VAT cost. A partial solution to this issue is the implementation of the VAT group regime.

The impact of the decisions taken by the Court is difficult to estimate. However, it is worth mentioning that the impact for the French insurance and financial sectors are estimated at €2 billion, or 13 percent of the VAT supported by these sectors¹.

We should be grateful therefore, that article 11 of the VAT Directive foresees an alternative measure for managing VAT costs that could arise in respect of intra-group transactions, namely the aforementioned VAT grouping measure. The basic principle of a VAT group is that a number of independent entities are considered to form a single taxable person, meaning that all intra-group transactions fall outside the scope of VAT.

Whilst this measure broadly seeks to obtain the same outcome as the IGP regime, i.e. to enable the sharing of costs between a group of entities without resulting in additional VAT costs, there are a number of differences in scope and application between the IGP exemption and VAT grouping.

The first of these differences is the scope of activities the members of a VAT group may undertake. In theory, VAT group members

can operate in any sector, undertaking any type of activity, whereas, in order to benefit from the IGP exemption, the members may only undertake VAT exempt or non-business activities, and further to these recent rulings, such activities must be in the public interest. A further difference is the territorial scope of these two regimes. Prior to the judgments of the Court, it has been possible to set up cross-border IGP while the clear text of article 11 of the VAT Directive impose members of a group to be established in the same member state. The last difference is that the IGP exemption was applicable only to “services directly necessary” to the activities of the members such as IT, administrative, accounting, HR management services, i.e. services often designated as “support services”, while the scope of the VAT group is broader because all supply of goods and services are considered as outside the scope of VAT.

Based on a comparison with VAT group regimes of other EU member states, we will try to highlight the main features of what could be a VAT group regime:

¹ «Banquiers et assureurs aux prises avec leur régime de TVA», Les Echos, Sharon Wajsbrot, 5 October 2017.

Differences between IGP and VAT group at a glance

	IGP before the 2017 CJEU decisions	VAT group
Links between the members	Not required by the VAT Directive, but required by the Luxembourg legislation (same type of activities or being part of a same financial, economic or professional group).	The directive requires economic, financial, and organizational links.
Members could be established in different member states	Yes	No
Limited to some sectors	Yes, exempt or out of scope activities (holding, non for profit or public activities)	No

1. Who could form a VAT group?

Any person closely bound by financial, economic, and organizational links could be a member of a VAT group. Financial links are often defined by reference to a direct or indirect shareholding of at least 50 percent, but could also be defined as a “de facto” control such as the possibility to designate the majority of the board members of a group. Economic links will be, for example, to exercise the same nature of economic activity, organizations links will be, for example, to be under a common control. It would thus be important that Luxembourg does not stick to the 50 percent shareholding rule, but foresee criteria that are more flexible. The same could be said about the two other criteria.

These persons must be established in Luxembourg. They could thus be Luxembourg companies or Luxembourg branches of foreign companies. Indeed, it is not exceptional that foreign banks, usually for regulatory reasons, set up a Luxembourg bank and a Luxembourg branch of the foreign bank in Luxembourg. These two Luxembourg entities should thus be able to form a VAT group.

In a large number of VAT group regimes, members must be taxable persons (i.e. persons performing an economic activity subject to VAT). However, the Court of Justice of the European Union has decided that non-taxable persons such as passive holdings (holdings whose activities are strictly limited to the ownership of shares) could also be member of a VAT group. It would be of paramount importance for the numerous private equity and international shareholding structures that Luxembourg allows passive holding companies to be member of a group.

2. Could the benefit of VAT group be limited to certain sectors?

A few member states (Sweden, Finland) limit the benefit of the VAT group regime to the financial sector. It is true that the main advantage of the VAT group is to eliminate the VAT charge on intra-group relationships, which is favorable for the financial sector who cannot or only partly recover the VAT on their costs. However, the VAT group is also of interest for industrial or commercial companies that could fully recover VAT on their costs because this will prevent the pre-financing of the VAT on their intra-group transactions. It would thus make sense that, like most other member states, Luxembourg allows persons of all sectors of activities to set up VAT groups.

3. Is the VAT group optional or mandatory?

In Germany and Austria, when persons meet the three above-mentioned criteria, they are obliged to form a VAT group. Based on experience, this has proved to create many complexities. We thus believe that the Luxembourg government would be wise to not follow this path, but that concerned persons may decide to opt in or not for the regime.

4. VAT registration

The VAT group being one single taxable person, will receive a VAT number and will consolidate in this VAT return all the incoming and outgoing transactions performed by the members with third parties. In some VAT group regimes, the VAT numbers of the members are cancelled. However, we believe it will be worth following the example of Belgium, where each member keeps its VAT number for its relationships with third

parties. Indeed, the experience indicates that a change of VAT number implies many administrative complexities including mistakes of foreign providers, for example, starting to charge their local VAT.

5. Joint liability of the members

Due to the fact that they form a single taxpayer, it seems coherent that each member of the VAT group is jointly liable for the VAT due by the group. This joint liability exists in most, if not all, VAT group regimes in the EU. It might be expected that Luxembourg will not be an exception.

The confirmation by Mr. Gramegna that Luxembourg will implement the VAT group in Luxembourg has certainly been welcomed by the Luxembourg market place and especially by the financial sector, which is faced with the impossibility to use the IGP regime since 31 December 2017. Even if the draft bill is not publicly available at the date of this article, we should be optimistic that Luxembourg will adopt a clear and robust legal framework with sufficient flexibility to meet the issues businesses are facing, in a pragmatic manner. It would seem reasonable to expect the law to be voted upon before the Parliamentary holidays and the elections. However, the necessity to consult the EU VAT Committee and the Council of State of Luxembourg may delay the process.

Raphaël Glohr
Partner, Deloitte Tax & Consulting

Michel Lambion
Director, Deloitte Tax & Consulting

BARBARA BUSH



Barbara Bush was loved and respected by people from all walks of life and all sides of the political spectrum in the United States. Wife of US president number 41, mother of US President 43, literacy advocate, she was a formidable force of nature called the “enforcer” by her family and friends for her very strong advocacy of a few simple rules for living:

- **Say please and thank you.**
- **Be kind and always tell the truth.**
- **Treat everyone equally and don't look down on anyone.**
- **Serve others and use your voice for good.**

We in AMCHAM believe these simple rules are worth living every day. We commit and encourage you to make this code of conduct part of your personal and business code of living. If we all live these simple rules, every day, the world will be a better place...

As we say in Luxembourg:

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CRYPTOCURRENCY FUNDS: WHICH OPTIONS ARE AVAILABLE IN LUXEMBOURG?

Despite recent warnings from regulators worldwide and high volatility, the cryptocurrency market continues to grow exponentially, with many experts predicting an even greater uptake in the future. In light of such market trend, there is a huge demand from investors and asset managers for investment products providing an exposure to cryptocurrencies.

The emergence of cryptocurrencies as a new asset class has also caught the attention of the Luxembourg fund industry. Numerous asset managers are considering the possibility of establishing cryptocurrency funds. Depositaries and other service providers are also evaluating the challenges and opportunities related to the servicing of investment funds investing into cryptocurrencies.

1. GENERAL

The possibility for a Luxembourg investment fund to invest into cryptocurrencies depends on the eligible assets requirements applicable to each type of fund.

Additionally, the service providers to a cryptocurrency fund (such as the management company, the AIFM and the depositary, to the extent applicable) must adopt adequate procedures in order to be able to service such a fund. It is likely that any Luxembourg based service provider will also have to justify the adequacy of its procedures vis-à-vis the Luxembourg supervisory authority (*Commission de Surveillance du Secteur Financier / CSSF*). More specifically:

- (i) the AIFM must apply with its regulator in order to be authorised to manage a fund investing into cryptocurrencies. In the absence of any other more relevant strategy, the residual category of “other / other” strategies is likely to be applicable to cryptocurrency funds; and
- (ii) regarding the depositary regime applicable to cryptocurrencies it is necessary to analyze whether such assets constitute either “*financial instruments that must*

be held in custody” (subject to the strict liability regime) or “other assets”. It is generally considered that cryptocurrencies do not qualify as a category of financial instrument capable of being held in custody, and are therefore “other assets” for the purposes of the depositary regime.

2. UCITS

UCITS can only invest in certain categories of eligible assets as expressly set forth by law.

a. Direct investment by UCITS

The essential feature of cryptocurrencies is to operate as means of payment contractually accepted by parties to transactions. Cryptocurrencies are ineligible for direct investment by UCITS, because they do not meet the criteria for qualifying under any category of eligible assets for investment by UCITS.

Furthermore, pursuant to the press release by the CSSF dated 14 March 2018 (the “*Press Release*”), UCITS may not invest in cryptocurrencies.

b. Indirect investments by UCITS

UCITS are in principle allowed, subject to compliance with certain conditions, to gain indirect exposure to any type assets by using for example (a) certificates or (b) financial derivative instruments (“*FDI*”) on financial indices. This possibility, which has in the past been accepted in relation to the gaining of indirect exposure to commodities for example, should also be available in relation to the indirect investment into cryptocurrencies.

- Certificates

Certificates on cryptocurrencies may qualify as eligible assets for investment by a UCITS if, in addition to meeting the criteria for the qualification as transferable securities, (i) physical delivery of the underlying cryptocurrencies is excluded, and (ii) the dependence of the certificate on cryptocurrencies is structured as a 1: 1 relation (delta 1). In such case, a certificate on cryptocurrencies

can qualify as an eligible asset for investment by a UCITS.

- FDI on financial indices

FDI on financial indices, such as FDI on indices composed of different cryptocurrencies, can be eligible assets for investment by UCITS, provided that such indices (i) are sufficiently diversified, (ii) represent an adequate benchmark for the market to which they refer, (iii) are published in an appropriate manner; and (iv) consist of different cryptocurrencies, i.e. they are not entirely composed of the same cryptocurrency.

Notwithstanding the absence of any legal prohibition, the above mentioned Press Release states that UCITS may not gain indirect exposure to cryptocurrencies. This would thus prohibit UCITS from investing indirectly into cryptocurrency by using certificates or FDI.

3. SIFs

Specialised investment funds (“*SIF*”) are not subject to any legal restrictions in terms of eligible assets. Therefore, a SIF can in principle invest in cryptocurrencies, provided only that the SIF complies with applicable risk diversification requirements, i.e. it invests no more than 30% of its assets or commitments in the same type of cryptocurrency.

As of today, no SIF has been authorised to invest either directly or indirectly into cryptocurrencies. Nevertheless, provided that it is ensured that applicable risk diversification requirements are complied with, that the SIF’s service providers have adequate procedures in place in order to service this type of fund and that the SIF is only accepting subscriptions from sufficiently sophisticated investors who are able to understand the risks implied by the relevant investment, the creation of such type of SIF does not seem to contradict any applicable legal provisions.

4. SICARs

Investment companies in risk capital (“*SICAR*”) are not subject to any risk diversifi-

cation requirement. However, a SICAR can only invest its assets in securities representing risk capital, which is “characterised by the concurrent gathering of two elements, namely a high risk and an intention to develop the target entities.”

As cryptocurrencies essentially are means of payment contractually accepted by parties to transactions, they do not seem to qualify, at least in principle, as risk capital. Therefore, it appears that cryptocurrencies do not qualify as an eligible asset for investment by a SICAR.

5. RAIFs

The reserved alternative investment fund (“RAIF”) is an unregulated vehicle not subject to any asset eligibility requirement. Therefore a RAIF is in principle capable of investing directly into any type of cryptocurrency.

Notwithstanding the fact that the RAIF is itself unregulated, it nevertheless requires the appointment of a fully authorised alternative investment fund manager (“AIFM”) and of a Luxembourg based depositary. As mentioned above, these service providers must have appropriate authorisations and procedures in place, allowing them to service cryptocurrency funds.

Therefore, provided that risk diversification requirements are complied with (to the extent applicable), that the RAIF’s service providers have adequate procedures in place and that the RAIF is only accepting subscriptions from sufficiently sophisticated investors who are able to understand the risks implied by the relevant investment, the creation of a cryptocurrency fund in the form of a RAIF appears to be permissible.

6. PARTNERSHIPS

Non-regulated fund structures can be set up inter alia in the form a common limited partnership (“SCS”), which has a legal personality, or as a special limited partnership (“SCSp”), which does not have any legal personality.

Such unregulated partnership will qualify as an alternative investment fund (“AIF”) in case it raises capital from a number of investors with a view to investing it in accordance with a defined investment policy. In such case, the unregulated partnership will be subject to the directive on alternative investment fund managers (“AIFMD”) and it will need to appoint an AIFM. In this respect, a distinction has to be made between different scenarios:

- (i) In case a fully authorised AIFM is appointed, the entire AIFMD will be applicable. This will in particular imply the necessity to appoint a depositary within the meaning of the AIFMD;
- (ii) A simply registered AIFM can be appointed if the assets under management remain below the legal thresholds (i.e. EUR 100 million for an open-ended AIF). In this case, the registered AIFM is not obliged to comply with the entire AIFMD and in particular, the duty to appoint a depositary is not applicable.
- (iii) In case a non-EU AIFM is appointed, the latter is not subject to the AIFMD. Therefore, the AIF is also not required to appoint any depositary.

When seeking to establish a cryptocurrency fund, one of the challenges encountered in practice can be to find a financial professional accepting to act as depositary for the relevant fund. This difficulty can be avoided by appointing either a simply registered AIFM or non-EU AIFM. However, the disadvantage of such options will be that the relevant funds will not be able to benefit from the EU marketing passport available under the AIFMD. The relevant funds can therefore only be sold on a reverse solicitation basis or in compliance with national private placement rules (to the extent available).

Furthermore, despite the non-regulated status of the relevant partnerships, the general partner will have the duty to protect the best interest of investors. This will include, among

others, the duty to make sure that the service providers of the partnership have adequate procedures in place in order to be able to service a vehicle investing in cryptocurrencies.

7. CONCLUSIONS

Based on applicable investment restrictions set out by the respective legal regimes, certain types of Luxembourg investment funds can in principle invest in cryptocurrencies, either directly or indirectly.

For regulated fund structures, any such investment will have to be discussed with the CSSF. In the context of such discussions, it will have to be demonstrated that any rules on eligible assets and/or diversification rules (if applicable) are complied with.

In addition, for any types of regulated or unregulated fund structures, the fund initiator will have to evidence that (i) the governing body of the fund has sufficient know-how and experience regarding cryptocurrencies and that (ii) the operational procedures implemented by the fund’s service providers are adequate. Finally, it has to be ensured that the relevant funds are only sold to sufficiently sophisticated investors, who are able to understand the potential risks to which the fund’s investments are subject.

*By Francis Kass on behalf of AMCHAM’s
Financial Services Committee
(Francis Kass is a partner at Arendt & Medernach)*

AMCHAM’s Financial Services Committee invite you to join them on 4 June, starting at 19.00 at the Arendt & Medernach building for an event titled “Cryptocurrencies: Will They Revolutionize the Financial Landscape?” Sign up is open on the AMCHAM website.

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LET'S HAVE HOPES

(FROM THE WINNERS OF THE 2018 FIT 4 START AWARD!)

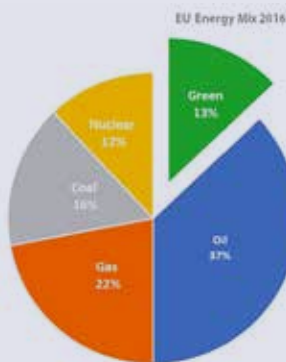


▼
Gaetan Cuvillier, Christophe Antoine, Romain Guillaud

#Makeourplanetgreatagain! We all heard or read this sentence stated by President Macron as an allusion to Donald Trump's slogan "Make America great again". Yes, but how can we do it?

Climate change is a reality and has already started to act as our enemy. Or maybe, it will become our enemy tomorrow. Either way, scientists have warned us about what could happen in the future and for every one of us and it's always "tomorrow", tomorrow we will take things seriously and start taking action.

Over the last 15 years, the energy usage that has increased the most in the world, is by far the one produced by coal, which is the dirtiest and most damaging for the climate. Moreover, the production of electricity in Europe is responsible for 27% of greenhouse gas emissions.

**FACTS:**

Energy efficiency in power plants: on average 24% of losses were recorded in the EU in 2017

(source: Eurostat)

The European Commission has adopted a new policy for 2020 to first develop a smart grid to automatically monitor energy flows, to adjust to changes in energy supply and demand accordingly, which can also help to better integrate renewable energy in the grid, but it has also set a clean energy directive to increase renewable energy by 20%, to reduce greenhouse gas emissions by 20% and to increase by another 20% our energy efficiency. Last but not least, they will implement a new GDPR regulation to protect consumer data on 25 May 2018.

About us: This is why we (Gaetan Cuvillier, Romain Guillaud & Christophe Antoine) have created HOPES Luxembourg, the one-stop shop platform for sustainable energy solution for businesses and private individual in Europe. Romain works at Tesla and plans to use the same mindset as well as bringing 10 years of international experience in sales and business administration. Gaetan brings 10 years of work experience in renewable energy. He came up with the idea of The HOPES initiative while he was head of development for the largest solar manufacturer in the world. Christophe brings his 15 years of work experience in Finance and accountancy in Luxembourg

Our mission: Provide a range of independent clean energy services allowing our members to reduce their cost and environmental impact. We aim to contribute in the long term to the development of a self sufficient local community of users based on the principle of circular and sharing economy.

Electricity is part of our daily life and it will be more important as both the world population and e-mobility practices increase. We all use it but only a few people know how much they consume or care about where it comes from.

- How can we better control our energy consumption and impact?
- How can we be assured we are consuming green energy?
- How can we take profit from our own green energy production?

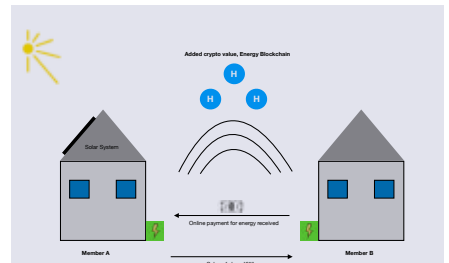
INNOVATION IS OUR ROUTE TO MARKET

Building solar farms, offshore windmills, or installing solar roofs are great ideas, but do not completely solve the problem as we do not really control those resources and we are forced to use a centralised, old-fashion network where the end consumer just pays the bill without asking questions.

Our solution: Enable members to become self sufficient and reduce their costs by bringing technology to a decentralised network.

To achieve that, we have identified 3 stages:

1. Community building and advice on energy efficiency with TRICKLe.
2. Promote the development of a secured decentralized network by encouraging the installation of energy storage by members.
3. Creation of a trading platform and smart contracting payment solution under Blockchain.



As an example, to allow customer A to sell his surplus of green energy to B,

'A' needs to be able to produce his own energy, store this energy with a battery and be part of a decentralized connected network.

On the other hand, 'B' needs to be part of this "SMART" community

The crypto added value comes from the transaction of A to B of certified clean energy.

The first step is:

TRICKLe: One device, one platform, which collects data and points out where savings could be done



Our algorithm will provide you with a wide range of tailor-made services

It's not the data that is smart but the way we bring it to you.



The data collected by TRICKLe will allow HOPES to propose users' tailor-made recommendations to upgrade networks where and when needed, opening route for sustainable procurement based on the data collected.

Start saving on your electricity bill without thinking about it

Our process is entirely automated. Members don't have to do a thing for TRICKLe to start slowing their flow by reducing their energy consumption and bringing their electricity bill down; a few bucks here, a few bucks there, and before you know it, you've got a decent amount of money that could be reinvested in your business or hobbies.



Saving can be a major financial hurdle for many people, especially those on reduced or limited incomes. By automating the entire process, TRICKLe offers users a completely hands-off solution to saving money and reducing their environmental impact.

Security is serious and means a lot to us, therefore by building a new community we could enforce more easily the new GDPR regulation.

Let's talk now about our CIRCULAR ECONOMY approach!

In order to adopt a clean and respectful approach to our core business, our vision is to facilitate access to green energy consumption and batteries.

That is why at HOPES we will consider two approaches:

- *Second life electric vehicle batteries*
- *"Cradle-to-Cradle certified" saltwater batteries*

Although today the technology of a home battery is still very expensive, we believe its cost will drop in the next years with the increase of e-mobility. According to EU laws, a car manufacturer needs to recycle its battery after it losses 80% and cannot be reused in cars. On the other hand, we have identified companies that advertise a cradle-to-cradle approach of their battery.

Why we chose Luxembourg:

#1

Luxembourg is the first country in the world to implement a "THIRD INDUSTRIAL REVOLUTION"

A strategy at the national level to ensure a resilient and sustainable economy by 2050.

Furthermore, Luxembourg's position in the heart of Europe represents a great opportunity for us to test our technology and to develop a presence in different business sectors such as hospitality, the health and public sectors, as well as industry. In March 2018, we were also the proud winners of Fit4Start competition hosted by Luxinnovation and the Economy Ministry.

In conclusion, for our mission to be successful, it needs to be understood by consumers so that they can become involved.

With HOPES Luxembourg, our members will be able to save money and choose which energy they want their household to be powered with.

The collected data will guide our development to lead a sustainable and innovative clean energy revolution.

HOPES

*The future is not a place that we go,
it's a place we get to create....*

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The better the answer.
The better the world works.



THE LAUNCH OF AMCHAM'S MATENEEN PROJECTS



Project partners and collaborators: Hamed Kazemi, Jessie Hubert, Jeanette Wallenstein, Selma Aouini, Paul Schonenberg, Natalia Durus, Pierre Bley, Nicolas Hirsch, Malek Aouini Lahmadi, Venera Vladoianu, Laurent Miglioli

On 5 February 2018 AMCHAM and its partners, INTCOMLUX and Mylanguage, presented the successful completion of two projects in support of the integration of foreigners into Luxembourg: **The Languages of Luxembourg and the translations of the English language “Doing Business in Luxembourg” book into Arabic and Persian.** These projects have been carried out under the auspices of and with the financial support of **Œuvre Nationale de Secours Grande-Duchesse Charlotte** through the **mateneen** initiative and were launched in the presence of Pierre Bley, President of **Œuvre Nationale de Secours Grande-Duchesse Charlotte.**

1. The Languages of Luxembourg

www.languagesofluxembourg.lu

The “Languages of Luxembourg” project is a web-based language learning tool that allows language learners to simultaneously study/learn either 5 or 7 languages (Luxembourgish, French, German, Portuguese, English, Arabic and Persian). This web-based tool empowers learners to study at the time of their choice, at the location of their choice and makes use of free downloada-

ble written and audio material available on the website or free downloadable mobile phone apps.

The content is presented on a dedicated website, www.languagesofluxembourg.lu, and structured to allow access of the written and audio content available in the tabs “Beginner”, “Intermediate” and “Advanced”.

The mobile phone applications (iPhone and Android) can be accessed as the “Languages of Luxembourg 5” (LL5) and “Languages of Luxembourg 7” (LL7), via the official Google and Apple mobile applications stores.

2. The translations of the English language “Doing Business in Luxembourg” book into Arabic and Persian,

are now available as free downloadable pdf documents, to support Arabic and Persian language speakers looking for employment, or to create their own companies (available at: <http://www.amcham.lu/publications/doing-business-in-luxembourg/>).

We are very pleased to have been joined by almost 200 registered participants representing all the diverse parts of the Luxembourg population: Luxembourg and International residents, Government officials, members of the diplomatic corps, teachers, parents, members of non-governmental organizations and asbl-s focused on integration, and interested private citizens.

This melting-pot of participants listened to and interacted with the support staff who developed these projects, and saw for themselves how these language learning tools can be used to help foreigners located in Luxembourg on their journey of linguistic integration into successful living and working situations.

The formal part of the program was completed with a tombola draw sponsored by **Tango & Telindus Luxembourg** who offered an iPhone 7 and a Samsung A8, both of which had the “**Languages of Luxembourg**” preloaded on them. Our sincere thanks to Tango & Telindus for their support!

The event was followed by a networking cocktail party with walking dinner.



The upcoming Arabic version of the "Doing Business in Luxembourg" book
 قريباً تأتي نسخة العربية



The Upcoming Persian version of the "Doing Business in Luxembourg" book
 بزودی درآوردن



1



3

- 1: Malek Aouini Lahmadi** (AMCHAM Luxembourg),
Selma Aouini (Karoui & Karoui Tunisia),
Natalia Durus (AMCHAM Luxembourg)
- 2: Tombola winners: Remus Dobrican,**
Onur Emul, Bastien Berg,
Paul Schonenberg
- 3: Paul Schonenberg, AMCHAM**
Luxembourg, Principal Project Partner
- 4: Venera Vladoianu, Mylanguage,**
Principal Project Partner
- 5: Paul Schonenberg,**
Malek Aouini Lahmadi, Selma Aouini,
Hamed Kazemi, Natalia Durus



2



4



5



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 AND PARTNERS:



EXPAT INTERVIEWS

Integration is a two-way street: newcomers need to adjust and fit in, but at the same time they can make a great contribution to the economic success and quality of life in Luxembourg. The following two interviews are designed to put a human face on expats explaining who they are, what they think about Luxembourg, their aspirations, why they are here and what contributions they have or can make to Luxembourg. In this edition and all of the 2018 editions of Connexion we will feature two Expat Profile Snapshots. Our goal is to bridge the gap between newcomers and long-time residents... and therefore support integration. This initiative is supported by the "Asylum, Migration and Integration Fund" (AMIF) and the Luxembourg Reception and Integration Agency/Ministry of Family and Integration (OLAI).



JIM ROBINSON

People want to feel more connected

With an impressive background in business journalism, having worked at The News in Mexico City, and later at the Financial Times in London and the Investment & Pensions Europe magazine, Jim had been in London for the last fifteen years when the Saint Paul Group contacted him with a proposal to launch an English language project in Luxembourg, which he says sounded interesting and unusual.

Born and raised in the Pacific Northwest of the United States and having lived in some of the biggest cities in the world like Mexico City and London, when he and his wife first arrived in Luxembourg for his interview he says they fell for Luxembourg right off the bat. He says the scale of Luxembourg is really refreshing. "You know I walk to work in a few minutes, and I can be in the centre of town in five minutes. I can get to the border of France, Germany, or Belgium in fifteen or twenty minutes, and we do that often. All of these things are so accessible and right on our doorstep."

The family love wandering around the streets of the old town especially as there is always something going on every weekend. One of the things he personally loves is how multi-cultural and cosmopolitan it is. "Here literally you can walk down the street and hear easily six, seven, different languages in one city block."

Jim arrived in Luxembourg in 2017 and says that his family has, in spite of initial difficulties, settled in well. "My family all love Luxembourg. My kids are getting involved in sports, and music, and always going to after school events. They're relatively young right now but as they get older they will become part of the fabric of Luxembourg."

The biggest issue for them initially was the common problem that most international immigrants have – the languages. As with most immigrants from the English-speaking countries, and those who have English as a second or third language, most don't necessarily have any French or German. English is their lingua franca, and sometimes they find it difficult to fit into the local community because of this. Jim says, "I think the Guichet online resource



"I think that Luxembourg is impressive, its people are impressive."

is very good and now that it's in English, even better. Having a repository of information available in English, laying out everything that you need to do from taxes, to importing a car, to enrolling your kid in school, what have you. And by the same token even though it's helpful that it's in English, I think it's good for people to learn the languages here. I'm certainly doing my best on that front. My French has come along quite a lot. I'm starting German classes now and hoping to get stuck into Luxembourgish sometime next year." Then he adds with a self-deprecating laugh, "I'll be proficient in all of them in no time at all."

Jim says international people want to feel more connected and truly engaged with Luxembourg, and the press has a very valuable service to provide in this respect by providing in-depth and well informed, journalism. The response to conversations with people, especially in the business community, about what they are doing, is that this is a positive idea because it could help the English-speaking community to play more of a civic role as citizens of Luxembourg. It will help them to know what is going on in the government, what the political parties are planning, and to demystify the whole aspect of Luxembourg that German and French speakers have access to but English speakers have trouble finding. Jim also feels that the Luxembourg Times will provide French, German, and Luxembourgish speakers, who would also read English, a sense of how Luxembourg is seen from an outside perspective.

Jim feels that change is afoot for both Luxembourg and the European Union. "I think that internally the country is changing a lot and its place within Europe is changing as well. Europe as a whole is changing, and I think over the next year or two there will be some very interesting developments. I think that Luxembourg is impressive, its people are impressive. They have a tradition of being very forward thinking and clever and they're very nimble and can act quickly."

When asked if he and his family are ready to commit to Luxembourg on a long term basis, he said: "Only time will tell. But I can say my wife, children and I really feel comfortable and enjoy being in Luxembourg...and my wife has already started to look for a place we can buy!"

by **Arlene EVERINGHAM-VAN OEKEL**



SUSAN ALEXANDER

Third Country National Profiles

If you hang out in Luxembourg long enough, you come to suspect that there is something quite unique here. The business landscape seems to be peppered with rare and outstanding individuals who, for what seem like random reasons, have landed in Luxembourg. It's not unusual to find extraordinary people in other capital cities, but here, there are so many that have the means to surprise and astonish with their accomplishments and originality.

Susan Alexander's life reads like a novel. As an ordained Presbyterian Minister fresh out of school, she counselled fellow New Yorkers who were faced with emotional challenges. Her next job was on Wall Street! "I have always been good with numbers," she smiles.

In the early '90s, at the very inception of the 'internet-for-popular-use' wave, she was the face and Managing Director of GAX; a tech start-up that furnished research and website development to high-profile companies from all corners of the globe. Subsequently, as the founder of Minerva, established in 2005, she undertook research in social sciences, public policy, financial and commodity markets, and economics.

An author or co-author of over a dozen research papers for institutions such as the European Commission, she analyses intellectual capital, knowledge organizations, crisis management, research and innovation policy and the future of Luxembourg. She has organized and/or moderated conferences on Innovation and intellectual property, hedging investment portfolios with futures and options, ethical investing, as well as aspects of life in the Grand Duchy.

As if this isn't enough, Susan continues to serve as a senior public policy expert for the EU on issues relating to research policy and innovation; participating in various research and reporting projects. She has done two lecture tours in Germany for the US State Department, performed intellectual capital audits on the Grand Duchy. And a claim to fame is being a college classmate of Hilary Rodham



"It took me a long time to forgive Luxembourg for not being Paris but when I started to enjoy Luxembourg for what it is, not what I thought it should be, I thrived."

Clinton, whom she sees at Wellesley College reunions. Studying Susan's profile provides **four insights** for those who would like to emulate her success.

Stay Current and Connected: "The best way to network is to join AMCHAM – and to show up to as many meetings as possible!"

Networking is a critical element of success – especially in Luxembourg. Susan is a strong believer in being in the right place at the right time, and in the power of relationships; both past and present. Even though she has lived in Europe for almost 30 years, she keeps in touch with friends and colleagues from New York. "Offer to help; volunteer for a working group or task force. Keep up-to-date with people in your industry as well as close colleagues," she recommends. Be willing to speak up: "The government hasn't always received my opinions

with open arms, but someone must speak out," declares Susan about her work in Public Policy assessment.

Keep abreast of current affairs, not just your area/industry. Think critically about the information you encounter. Form your own opinions and be open to those of others. Understand your unique talents and seize opportunities: "I'm good at structuring and refining ideas and getting things in place," says Susan, "Know how you can contribute, and be ready to seize opportunities that showcase those talents." Susan spent her early years dreaming of living in Europe. A conversation with her 9-year old son about riding the New York subway by himself was the catalyst for what would become a life-changing move to Luxembourg. One dream, one conversation and one contact; she has lived her dream for almost 3 decades.

Be realistic: "It took me a long time to forgive Luxembourg for not being Paris." Susan smiles, "but when I started to enjoy Luxembourg for what it is, not what I thought it should be, I thrived."

Susan found a place that suits her personality and her lifestyle; she feels at home and cared for here. Living not far from her family, she expects to be around for quite a while; despite being at retirement age, Susan feels she still has more to give. Her time is spent developing book plots, needlepoint, cooking and music; in addition to her work for the European Commission, she is finishing up her PhD and is the author of 14 books – 12 of which are murder mysteries. And, of course, like many high-potential people, she is still working through her bucket list, including the goal of completing a half marathon! Susan is the perfect example that the business landscape of Luxembourg is far richer thanks to this cadre of exceptional people who have chosen to 'hide in plain sight' here in Luxembourg.

Lisa FRANCIS-JENNINGS

US TAX REFORM - WHAT IT MEANS TO US TAXPAYERS ABROAD



On Wednesday lunchtime, 21 February 2018, the American Chamber of Commerce in Luxembourg (AMCHAM) together with PwC hosted an event looking at the issues of the new US Tax Reform. This ABAL Luncheon was held at PwC Luxembourg.

The US government has just passed the most significant tax reform in over 32 years. The last time tax reform was enacted was under President Ronald Reagan. Among other things, the top individual tax rate has dropped from 39.6% to 37% and, more significantly, lowers taxes for most individuals by consolidating income tax ranges from 7 tax brackets to 4. The individual tax reform

changes will come into effect for tax year 2018 and sunset in 2025. There are many other changes that will be of importance to US taxpayers with some important considerations for those living and working overseas.

The key-note speaker was **Bill Zaleski, Managing Director, PwC Global Mobility Services**. Bill is based in Denver, CO and works closely with many large multinational and small companies in the area of global mobility tax and policy. He has spent a great deal of time over the last month helping his clients address the issues associated with US Tax Reform.

Other topics discussed are as follows:

- Overview of Key Individual Tax Reform Changes
- Tax Impacts to Employees Living Overseas
- Compensation Policy Impacts Employees Living Overseas
- Possible Future Tax Changes

1. **Bill Zaleski** (PwC Luxembourg)
2. **Bill Zaleski** (PwC Luxembourg),
Séverine Moca (PwC Luxembourg
& AMCHAM's Tools4lux Committee),
James O'Neal (AMMC Law
& AMCHAM's Executive Committee)
3. **Séverine Moca** (PwC Luxembourg
& AMCHAM's Tools4lux Committee),
James O'Neal (AMMC Law
& AMCHAM's Executive Committee)
4. **Séverine Moca** (PwC Luxembourg
& AMCHAM's Tools4lux Committee),
Bill Zaleski (PwC Luxembourg),
Denise Chambers (PwC Luxembourg)



UPCOMING AMCHAM EVENTS

June

04 CRYPTOCURRENCIES: WILL THEY REVOLUTIONIZE THE FINANCIAL LANDSCAPE?

04.06.2018, 19:00, Arendt & Medernach S.A.

Despite recent strong warnings from regulators worldwide and high volatility, the cryptocurrency market continues to grow dramatically, with many predicting even greater uptake in the future. Cryptocurrencies and their supporting blockchain technology are evolving quickly, with more and more cases of use emerging. Industry experts, blockchain developers, tax specialists, legal regulatory experts and cybersecurity analysts will discuss the challenges and the opportunities arising from the expanding use of cryptocurrencies as well as the huge demand for investment products providing an exposure to cryptocurrencies.

07 SMART CITIES CONGRESS

07.06.2018, 09:00, Chamber of Commerce of Luxembourg

Luxreal and AMCHAM Luxembourg invite you to join for a full day Real Estate Congress on 7 June 2018!

11 KNOWLEDGE MANAGEMENT USING "COMMUNITIES OF PRACTICE" – A NEW METHODOLOGY FOR TOMORROW

11.06.2018, 12:00, Hotel Parc Belair

One of the major challenges for companies and other bureaucracies is the question of retaining, assessing and using the internal amassed and collective knowledge of practice which has been acquired by those working within the organization.

The functioning of operational concepts, viewed on the basis of the main challenges and advantages associated with "communities of practice", will be mapped, explored and explained by our guest of honor Ms. Lisa Obringer, PhD student & Consultant.

Nov.

16 AMCHAM THANKSGIVING DINNER

16.11.2018, 19:00, Double Tree by Hilton

Thanksgiving is one of the oldest celebrated festivals in the history of mankind. This is indeed the most American of holidays, a time to celebrate with family and friends the success and the good luck that we all share.

We are particularly honored and proud to celebrate this American tradition here in Luxembourg with our local and international friends and in the presence of our guest speaker **Prime Minister Xavier Bettel along with a distinguished group of ambassadors**. Luxembourg has been such a warm and welcoming place for us and our families to live, work and make profit. We thank our Luxembourg hosts, the Luxembourg Government and indeed the collective international community for the good life we live here in this beautiful and welcoming country in the heart of Europe.

Join us for a relaxed and gently inspiring sharing of food and friendship! And bring your dancing shoes to dance the night away. As always, we will have our traditional Thanksgiving tombola prizes! Corporate tables option available.

Dec.

12 ANNUAL CHRISTMAS LUNCH WITH MINISTER PIERRE GRAMEGNA

12.12.2018, 12:00, Double Tree by Hilton

Over the past three years, we have established a tradition of inviting the Minister of Finance to come to join us for our annual Christmas lunch. We are pleased to announce that **Minister Pierre Gramegna** has accepted to join us on **12 December** to preview the Luxembourg Government national budget for the New Year and to visit with our members who make such an important contribution to the economic success of Luxembourg. Corporate tables option available.

For details and sign up, please visit the AMCHAM website:
<http://www.amcham.lu/events/>

CONNEXION

DOING BUSINESS IN LUXEMBOURG

A M C H A M  LUXEMBOURG
AMERICAN CHAMBER OF COMMERCE IN LUXEMBOURG A.S.B.L.

The American Chamber of Commerce in Luxembourg a.s.b.l. is an international voluntary organization of business persons committed to promoting English-speaking networking opportunities and business relations in the Grand Duchy.

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