



Modernization of the Luxembourg Accounting Law

September 2023

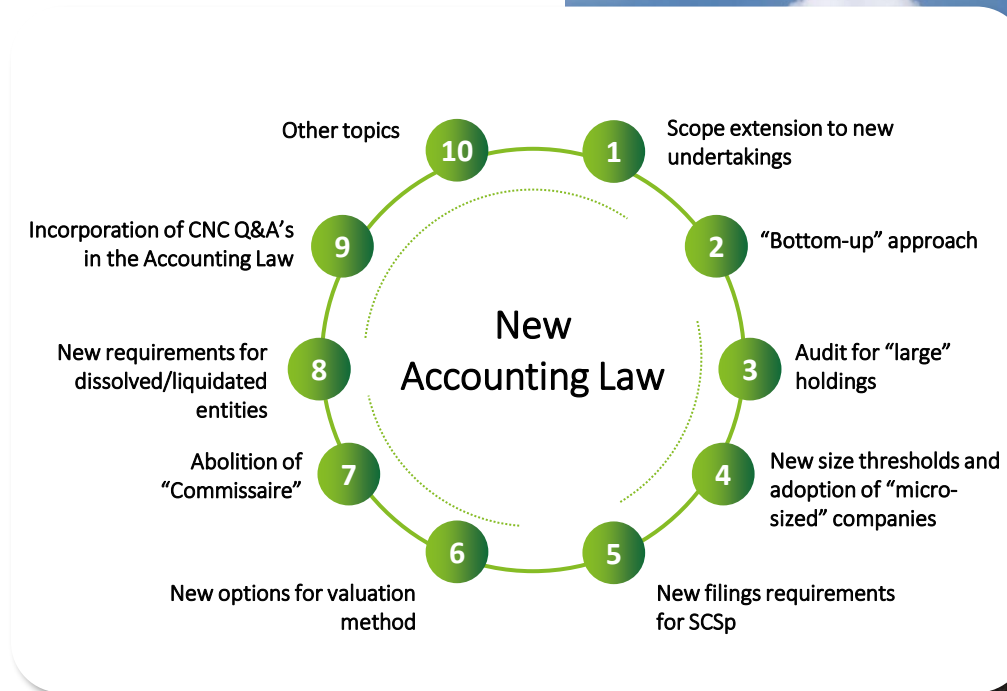
Modernization of the Luxembourg Accounting Law – A reform for our accounting ecosystem

On 28 July 2023, [the Bill of Law no. 8286](#) (hereafter “**New Law**”) was introduced, addressing topics related to accounting, annual financial statements, consolidated financial statements (and related reports of undertakings), and the abolition of the “**commissaire**” function.

The purpose of the New Law is to :

- **modernize the current Luxembourg Accounting Law (hereafter “Accounting Law”)** by regrouping accounting provisions that are currently spread over different texts into **one single law**; revising certain definitions;
- providing **new accounting and audit requirements**; and
- **extending the undertakings in scope** of this New Law.

The New Law is expected to come into effect **within the next 2 years**.



Overview

2022 to Beg. 2023
1st consultation period
with Lux. State



July 28, 2023
Bill New Accounting Law



From August 2023 to Be. 2024
2nd consultation period with
Luxembourg State



From January 2025
Expected application

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1 Scope extension to new undertakings

The New Law will also cover entities *not* having a commercial form.

However, the sectoral accounting provisions will also continue to apply to companies under the regulated financial sector.

2 “Bottom-up” approach

The small-sized companies regime will become the norm, while additional requirements will be added for medium and large undertakings and public interest entities (PIEs).

3 Audit for “large” holdings

Holding companies with a total balance sheet exceeding €500 million will need to have their annual accounts certified by a réviseur d’entreprises agréé.

4 New size thresholds and adoption of “micro-sized” companies

The “small-sized entity” thresholds will be raised, and a new “micro entities” category is proposed as optional with simpler requirements. Banks, insurance, holdings and entities under CSSF supervision are excluded from the “micro entities” regime.

5 New filings requirements for SCSp

An SCSp that is currently exempt from having to prepare annual accounts would now need to file their trial balance in accordance with the Luxembourg Standard Chart of Accounts.

6 New options for valuation method

The New Law would introduce the following options:

- Intangible assets with indefinite useful life: perform impairment testing instead of amortization
- Financial instruments: apply a summary of IAS 39 (current version) or full-IFRS 9 (incl. disclosures). It is introduced a direct reference to IFRS 9, IFRS 13, IFRS 7 and IAS 32.

7 Abolition of “Commissaire”

In the New Law, the function of “Commissaire” is proposed for abolition.

8 New requirements for dissolved/liquidated entities

For dissolved entities and those under liquidation, the general accounting principles continue to apply before and after the decision to liquidate.

Companies will need to:

- Prepare and file a full set of annual accounts to the RCS; and
- Publish on the RESA, when applicable (e.g., for S.A., S.C.A., S.à r.l., S.A.S.). The same publication requirements will apply for the all liquidation accounts.
- Additionally, the Q&A CNC 21/022, is also adopted into the New Law.

9 Incorporation of CNC Q&A’s in the Accounting Law

Certain Q&As CNC will be embedded in the New Law such as Q&A CNC 19/019, Q&A CNC 20/021, Q&A CNC 21/022, Q&A CNC 21/024 (R), Q&A CNC 21/025 and Q&A CNC 22/026.

10 Other topics

The New Law also clarifies and defines several other topics, such as:

- “Control” in the context of a group, especially in the presence of structures with general partner vs. limited partners (agent vs. principal);
- “Joint control” and “significant influence”;
- The length of the accounting year and use of a “floating” accounting year, as is often used in IFRS;
- Recognition of deferred tax assets.

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We can assist you in understanding, assessing and implementing the changes related to your accounting, financial reporting and valuation requirements. Our services include:



Awareness training

Facilitating awareness training sessions and interactive workshops to explore these new implications and support your roadmap for implementation.



System, Processes, Controls & Charts of Accounts

- Assist with or Review the implementation of the Standard Chart of Accounts in your system and all other required changes,
- Assist with or Review the set-up of new processes and controls for your financial reporting.



Annual accounts, Accounting entries & Complex accounting

- Prepare or review the updated accounting journal entries schemes.
- Provide accounting guidance and assist with or review the preparation of the annual accounts.
- IFRS matters guidance



Gap analysis & impact assessment

- Performing gap analysis in terms of accounting, reporting and data / system requirements, considering the best options to analyze,
- Review or Perform financial impact assessment,
- Support with your threshold assessment.



Liquidation & Dissolution

Assist with or Review the compliance with the new liquidation/dissolution requirements.



Audit

Audit readiness to ensure you are prepared to be audited
Audit service to have your annual accounts certified by a “réviseur d’entreprises agréé”.



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