

Member States capabilities in fighting tax crimes

Relevant legal definition(s) of tax-related offences

Luxembourg	Tax avoidance is understood as a legal act - unless deemed illegal by the tax authorities or, ultimately, by the courts - of using tax regimes to one's own advantage to reduce one's tax burden.	Tax evasion is defined as an illegal act of evading taxes by concealing income, earned either legally or illegally, from detection and collection by the tax authorities.	Money laundering refers to acts involving the processing of proceeds of crime to conceal their illegal origin and bring them back into the legal economy.
Legal text	N/C	Tax reform law of 23rd of December 2016	Article 506-1 of the Luxembourg criminal Code
Nature of the offence	N/C	<ul style="list-style-type: none"> • Administrative • Criminal 	Criminal
Objective element	N/C	<ul style="list-style-type: none"> • Administrative: Obtain undue tax benefits or to intentionally cause the reduction of tax revenues. • Criminal: Same constituent elements as tax evasion, with regard to direct taxes, VAT, registration fees and inheritance tax, committed if two alternative thresholds are exceeded: the evaded taxes exceed 25% of the annual taxes to be paid, while exceeding the amount of 10 000€(relative threshold), or the evaded taxes exceed the amount of 200 000€(absolute threshold). • Tax fraud: Criminal offence which concerns a "significant" amount of tax (either in absolute terms or as to compare with the amount of tax annually owed) and has been committed through the systematic use of fraudulent acts aimed at concealing the relevant facts to the tax authorities or to persuade the tax authorities of inaccurate facts. 	The tax reform law has revised the Criminal Code in order to designate a range of six types of tax crimes and their respective attempts as predicate offences to money laundering.
Mental element	N/C	N/C	N/C
Sanction	N/C	<ul style="list-style-type: none"> • Administrative offence: administrative fine from 10% to 50% of the amount of the evaded taxes. • Criminal offence of aggravated tax evasion: Criminal Fine from 25 000€to 6 times the evaded amount of taxes and imprisonment (from 1 month to 3 years). • Criminal offence of tax fraud: criminal fine ranging from 25.000€to 10 times of the evaded amount of taxes and imprisonment (one month to five years). 	<ul style="list-style-type: none"> • Fine of 1.250€to 1.250.000 €and/or • Imprisonment from 1 to 5 years
Other tax-related crimes		N/C	
Aggravating / mitigating circumstances	N/C	N/C	N/C
Legal persons/natural persons		Both	
Other information		Attempt is also punishable	

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Luxembourg	Interventions in response to the publication of the Panama Papers
Processing and analysing the Panama Papers data	
Supervisory activities	<p>The Luxembourg Direct Tax Administration has initiated compliance work by sending 100 requests for information to intermediaries appearing in the publicly available database of the International Consortium of Investigating Journalists (ICIJ). The aim of these investigations has been to identify beneficial owners of offshore companies established in Panama. For the moment, the Luxembourg Tax Administration has obtained several voluntary disclosures in response to the request sent to intermediaries and is in the process of analysing the information received.</p> <p>The Commission de surveillance du secteur financier (CSSF) has also reacted to the Panama papers by sending questionnaires to Luxembourg banks asking them to provide precise information on their possible involvement in the Panama Papers. The CSSF's investigation is underway.</p>
Investigations initiated	
(Pre) trial proceedings initiated	
Fines and sentences	
Other information	