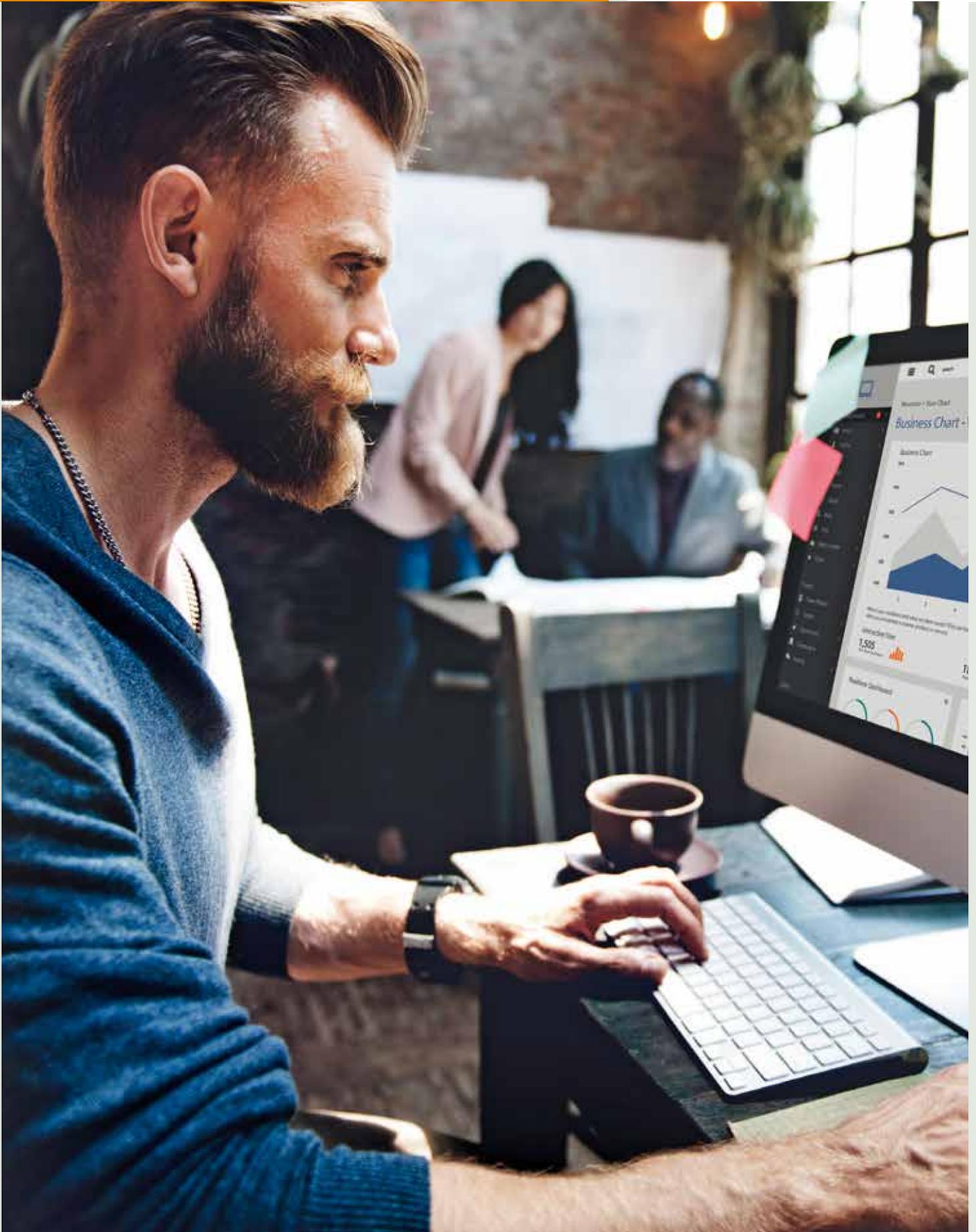


The Simplified S.à.r.l. in short



The *société à responsabilité limitée simplifiée* or “Simplified limited liability company”, also known as *S.à r.l.-S.* and *S.à r.l. à 1 euro* (“one-euro S.à r.l.”) and hereinafter referred to in the English translation as the “Simplified S.à r.l.”, was introduced to Luxembourg legislation by the Law of 23 July 2016. It is not a new form of company but a variant of the standard S.à r.l. Accordingly the legal provisions relating to the S.à r.l. will be applicable unless amended by the provisions of the new Law. Available to natural persons as of 16 January 2017 with reduced formalities and costs, this corporate vehicle is ideal for those wishing to embark upon entrepreneurship while at the same time having the advantage of a protective legal framework.

CHARACTERISTICS, ADVANTAGES AND LIMITATION

> INCORPORATION FORMALITIES

In order to reduce the costs for the entrepreneur and to speed up the process of incorporation, the Simplified S.à r.l. may be incorporated by private deed, i.e. without having to be notarised.

Note that filing with the Luxembourg Trade & Companies Registry (RCSL) is obligatory. Entrepreneurs incorporating their Simplified S.à r.l. without the involvement of a notary will therefore have to take charge of the registration formalities themselves through the RCSL's website.

> MINIMUM SHARE CAPITAL

The share capital must be between one euro and twelve thousand euros. It is for this reason that the simplified S.à r.l. is also referred to colloquially as the “one euro company”.

> KEY PERSONS

In order to avoid abuse, the new Law imposes certain limits aimed at stressing the fact that the Simplified S.à r.l. is solely meant for sole traders (“natural” as opposed to “legal” persons). This form is thus particularly suited to nascent entrepreneurs wishing to launch businesses that by their nature do not require much initial capital.

> CORPORATE OBJECT

The corporate object of the Simplified S.à r.l. must fall within the field of application of the Law of 2 September 2011 as amended, regulating access to the occupations of craftsman, trader, industrialist and certain liberal professions.

A person wishing to establish a Simplified S.à r.l. must first submit a request for a business permit to the Ministry of the Economy, which will enable them to receive a provisional authorisation (with a definitive reference number) and then to register the Simplified S.à r.l. with the Trade & Companies Registry. Once this registration has been completed, the final business permit will be issued by the Ministry of the Economy.

> SHAREHOLDERS

The creation of the Simplified S.à r.l. is reserved to natural persons. A company can therefore never be a shareholder of a Simplified S.à r.l.

Also, a natural person may not be a shareholder of more than one Simplified S.à r.l. at the same time (except if he inherits the shares).

> OBLIGATORY RESERVE

One of the major innovations of the law is the minimum share capital requirement of just one euro for this type of company. However, with a view to protecting creditors, independently of the constitution of the legal reserve which is a requirement for all S.à r.l. pursuant to Article 197 of the Law of 10 August 1915 as amended, Simplified S.à r.l. will also be required to place into reserve one twentieth (5%) of the annual net profit. This obligation will exist until the sum of the reserve and the company's issued and paid-up share capital reaches the amount of the minimum share capital for the “classic” S.à r.l., namely €12,000.

TRANSITION TO A “CLASSIC” SÀRL

The idea behind the Simplified S.à r.l. is to provide a temporary scheme for the launch of a business requiring very little capital. Although no time limit has been set for reaching the minimum capital of €12,000, once the company is well established it may accumulate sufficient funds and the shareholder(s) may amend the Articles of Association so as to adopt the “classic” S.à.r.l. regime if they so wish.

GOOD TO KNOW

While the Simplified S.à r.l. aims to simplify access to independence in Luxembourg, it does not necessarily meet the needs of all new entrepreneurs.

While it is particularly attractive for service-driven businesses requiring very little start-up capital, such as coaching, consulting and training etc., it may not be appropriate for a business requiring more substantial capital expenditure, such as the fitting out of a restaurant.

The choice of an appropriate legal structure for a project always requires an in-depth consideration of a number of criteria such as the nature and size of the business, the entrepreneur’s financing needs and the growth potential of the business.

The House of Entrepreneurship’s One-Stop Shop can help future entrepreneurs to validate an initial approach and to run through the options available to them.

From January 2017 the One-Stop Shop will make available to entrepreneurs on request standard template Articles of Association for Simplified S.à r.l. which can be adapted to the needs and particularities of each project.

LEGAL REFERENCES

The amending Law of 23 July 2016 instituting the Simplified S.à r.l.:

1. the Law of 10 August 1915 on commercial companies as amended;
2. the Law of 19 December 2002 on the Trade & Companies Registry and companies’ accounting and financial statements, as amended.



USEFUL LINKS

www.guichet.lu
www.rcsl.lu

HOUSE OF **ENTREPRENEURSHIP**

ONE-STOP SHOP

Office hours: Monday to Friday: 8.30 a.m. to 6 p.m.

Street address: 14, Rue Erasme, L-1468 Luxembourg-Kirchberg

Postal address: BP 3056, L-1030 Luxembourg

Tel. (+352) 42 39 39 - 330

E-mail: info@houseofentrepreneurship.lu

Website: www.houseofentrepreneurship.lu

Underground parking facilities are available to you at the Chamber of Commerce (entrance from Rue Alcide de Gasperi).

Disclaimer: although the information contained in this brochure, prepared by the One-Stop Shop of the House of Entrepreneurship, has been drawn up with the greatest care, it is of a purely indicative nature and consequently its author cannot be held responsible for any errors or inaccuracies it may contain.

The information it contains does not purport to provide an exhaustive response and cannot take the place of an in-depth consultation.