

HOUSE OF _____
ENTREPRENEURSHIP

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EN

The simplified **SARL**

IN A NUTSHELL



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The simplified limited liability company, also called SARL-S or “one-euro SARL”, was introduced into Luxembourg legislation by the law of 23 July 2016.

It is not a new form of company but a variant of the “classic” SARL.

In this sense, **the legal provisions relating to the SARL are therefore applicable**, unless the provisions of the new law modify them.

Accessible to natural persons from 16 January 2017 via formalities and costs reduced, **this corporate vehicle is ideal for those who wish to venture into entrepreneurship** benefiting from a secure legal framework.



CHARACTERISTICS, ADVANTAGES AND LIMITATIONS

INCORPORATION FORMALITIES

In order to reduce the costs for the entrepreneur and to speed up the process of its incorporation, the SARL-S can be constituted by a private deed, that is to say without obligation to go before a notary. Please note that registration in the Trade and Companies Register (RCS) is mandatory. The entrepreneur who has not gone before a notary to create his SARL-S will therefore have to handle himself the registration formalities via lbr.lu/portail RCS.

MINIMUM SHARE CAPITAL

The share capital must be between one euro and twelve thousand euros. This is why we also call SARL-S, in everyday language, the “one-euro company”.

TARGET PEOPLE

In order to avoid abuse, the new law imposes certain limits which aim at reminding that the SARL-S is intended only for natural persons entrepreneurs.

This form is therefore particularly suitable for beginning entrepreneurs who wish to start activities that, by their nature, do not require significant starting capital.

CORPORATE PURPOSE

The purpose of the SARL-S must fall within the scope of the amended law of 2 September 2011 regulating access to the professions of craftsman, trader, industrialist and certain liberal professions. The person wishing to create a SARL-S must first submit an application for a business permit to the

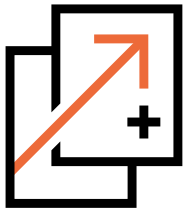
Ministry of the Economy, which will allow it to receive a provisional authorization (with a definitive reference number), then register the SARL-S with the Trade and Companies Register. Once this registration is completed, the final business permit will be issued by the Ministry of Economy.

SHAREHOLDERS

The creation of SARL-S is reserved for natural persons only. A company can never be a shareholder of an SARL-S. A natural person can only be a shareholder in one and only SARL-S at a time (unless the shares have been transmitted because of death).

CONSTITUTION OF A COMPULSORY RESERVE

One of the major innovations of the law is to require only a minimum share capital of one euro for this type of company. However, in order to protect creditors, regardless of the constitution of the legal reserve to which any SARL is bound, it will be required to levy one twentieth of the annual net profit (5%) to be assigned to a reserve. This obligation will exist until the reserve fund added to the subscribed and paid-up share capital of the company reaches the amount of the minimum share capital of the “classic” SARL, that is, 12,000 euros.



TRANSITION TO A CLASSIC SARL

The idea behind SARL-S is to provide a transitional framework for the launch of an activity requiring little funding. Even though no deadline has been introduced to reach the minimum capital of 12,000 euros,

once the established company will be able to accumulate sufficient funds and the shareholder(s) may, if they wish, amend the articles in order to adopt the “classical” SARL regime.



LEGAL REFERENCES

Law of 23 July 2016 amending, in view to establish the simplified limited liability company:

1. the amended law of 10 August 1915 concerning commercial companies;
2. the amended law of 19 December 2002 on the Trade and Companies Register and the accounting and annual accounts of enterprises.

MORE INFORMATION

guichet.lu
Business portal

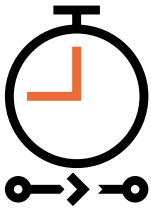
ibr.lu



GOOD TO KNOW

Although the SARL-S is designed to simplify access to self-employment in Luxembourg, it does not necessarily meet the needs of all start-up entrepreneurs. Particularly interesting for the provision of services requiring little initial capital (examples: coaching, consulting, training...),

it is not necessarily appropriate for the exercise of activities requiring greater tangible investments (example: setting up a restaurant).



THE SARL-S IS CREATED FOLLOWING SPECIFIC CHRONOLOGICAL STEPS:

- 1 Drafting and signing of the articles of association, established under private deed (or via a notary if desired), after downloading a template from guichet.lu.
- 2 Application for business permit to establish with the Ministry of Economy: the name of the future SARL-S should be indicated on the 2nd page of the application form (in case of a paper submission) or directly in the electronic procedure via the online assistant MyGuichet. Do not forget to attach the draft articles of association to the application.
- 3 Receipt of the provisional business permit with the reference number for registration of the SARL-S with the RCS.
This provisional business permit is generally issued within 2 to 3 weeks and is sent by post. At this stage, the business permit is marked “not valid”, but with an official number enabling to register the company via ibr.lu/RCS portal..
- 4 Registration of the company with the RCS: do not forget to also file the declaration of honour concerning the proof of payment of the share capital contributions in cash/nature. The model for this declaration can be downloaded from ibr.lu/RCS portal, under the “Filing formalism” section.
- 5 Provision of the articles of association and proof of registration with RCS to the bank for the purpose of opening a professional bank account for the company. Additional documents may be requested depending on the internal procedures of the bank.
- 6 Receipt of the final business permit from the Ministry of Economy (in principle automatically issued within 1 to 3 days after validation of the RCS registration) and usual registrations with the administrations (Joint Social Security Centre (CCSS), Registration Duties, Estates and VAT Authority (AED) and others depending on the business concerned).



ESSENTIAL LINKS AND DOCUMENTS

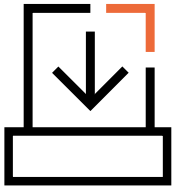
- Free download of the status templates in Word format (EN/FR/DE) on [guichet.lu](https://www.guichet.lu). The choice is given between single- or multiple-shareholder SARL-S. It should also be noted that the RCS accepts the articles of association in English only if a French or German translation is attached.
- Template for a sworn declaration of honour on capital contribution in Word format on [lbr.lu](https://www.lbr.lu), not to be confused with the sworn declaration required as part of the business permit application process.
- Help with navigating the RCS portal on the [lbr.lu](https://www.lbr.lu) website is available through the dedicated helpdesk at (+352) 26 428-1 or via email at helpdesk@lbr.lu
- FAQ concerning the registration of SARL-S: [lbr.lu](https://www.lbr.lu).
- Order a Luxtrust product: [luxtrust.lu](https://www.luxtrust.lu)



GOOD TO KNOW

The choice of the appropriate legal structure for a project always requires in-depth reflection on multiple criteria such as the nature/dimension of the activity, the financing needs of the entrepreneur or the growth potential of the company.

The [House of Entrepreneurship](https://www.houseofentrepreneurship.lu) can assist future entrepreneurs in validating their initial approach and exploring the available options. Template of articles of association for SARL-S, adaptable based on the needs and specificities of each project, are made available to entrepreneurs on the public portal [guichet.lu](https://www.guichet.lu).



FILING FORMALITIES IN PRACTICE

- Prior to use, download the latest version of Adobe Acrobat Reader, an essential software for navigating both [guichet.lu](https://www.guichet.lu) and the lbr.lu portal.
- During the electronic registration of the SARL-S with the RCS, file a version of the articles of association without handwritten signature because it is the Luxtrust electronic signature that is taken into account.
- Do not modify the initial layout of the statuses (in particular the header with specific margin – the first half of the first page must remain empty) downloaded on [guichet.lu](https://www.guichet.lu), and convert them to PDF/A (interactive PDF). Digital copies of two-sided identity cards to be attached can be created from a Word document to be converted to PDF/A.
- The articles of association must be submitted in French or German to the RCS. If they are in English, a translation must be attached.
- In the articles of association template on [guichet.lu](https://www.guichet.lu), complete only the fields in square brackets and do not modify sentences in case of uncertainty about their legal accuracy.
- The Luxembourg Business Registers (LBR) also offers assistance (for a fee) in filing the application with prior appointment at the helpdesk. When coming, do not forget to deposit all the essential documents on a USB key.

In case of doubt, the House of Entrepreneurship is available to help entrepreneurs.

houseofentrepreneurship.lu/en/contact-us

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Want to get to know more?

Find all the details, procedures,
and useful forms on guichet.lu.



LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère de l'Économie

In collaboration with more than 30 public actors.

For more information:

www.houseofentrepreneurship.lu/en/partner

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