

IFRS® STANDARDS—APPLICATION AROUND THE WORLD

JURISDICTIONAL PROFILE: **Luxembourg**

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This Profile provides information about the application of IFRS® Accounting Standards (Standards) in Luxembourg. The Standards are developed and issued in the public interest by the International Accounting Standards Board (IASB). The IASB is the standard-setting body of the IFRS Foundation (Foundation), an independent, private sector, not-for-profit organisation.

The Foundation has prepared this Profile based on information from various sources. The starting point was the answers provided by standard-setting and other bodies in response to surveys the Foundation conducted on the application of the Standards around the world. The Foundation drafted the profile and invited the respondents to the survey. The Foundation also invited others (including regulators and international audit firms) to review the drafts. Their comments are reflected in this Profile.

The purpose of the Foundation's Jurisdictional Profiles is to illustrate only the extent of implementation of the Standards across the globe. The Profiles do not reflect the intellectual property licensing status of the Standards within any given jurisdiction. The Standards are protected by copyright and are subject to licensing arrangements agreed upon within their jurisdiction. For further information, please contact permissions@ifrs.org.

Profile last updated: 16 June 2016

RELEVANT JURISDICTIONAL AUTHORITY

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| Organisation | Commission des Normes Comptables (CNC) [Luxembourg Accounting Standards Board]. |
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| Role of the organisation | <p>The role of CNC as assigned by the Luxembourg law consists of:</p> <ul style="list-style-type: none">• advising the Government at its request or on its own initiative in connection with matters relating to financial reporting applicable to business entities and in particular as regards to bookkeeping, annual accounts and consolidated accounts;• contributing to the development of local accounting principles and practices, by way of advice or recommendations of a general nature;• participating in discussions and debates relating to accounting and financial reporting matters within European and international bodies;• assuming any mission entrusted to it by law. |
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CNC is an independent body whose member organizations are representatives of stakeholders from both the private sector (business entities, accountants, auditors) and the public sector (regulators, statistical office, tax authorities). CNC is placed under the administrative supervision of the Ministry of Justice (MoJ).

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| Website | www.mj.public.lu/legislation/commerciale/index.html |
| Email contact | drc@mj.public.lu |

COMMITMENT TO GLOBAL FINANCIAL REPORTING STANDARDS

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| Has the jurisdiction made a public commitment in support of moving towards a single set of high quality global accounting standards? | <p>Yes.</p> <p>Refer to the IAS Regulation adopted by the European Union in 2002.</p> |
| Has the jurisdiction made a public commitment towards IFRS Accounting Standards as that single set of high quality global accounting standards? | <p>Yes.</p> <p>Refer to the IAS Regulation adopted by the European Union in 2002.</p> |
| What is the jurisdiction's status of adoption? | <p>Luxembourg has already adopted IFRS Standards as adopted by the EU as a requirement for the consolidated financial statements of all companies whose securities trade in a regulated market. In addition, companies whose securities trade in a regulated market may apply on a voluntary basis IFRS Standards as adopted by the EU to their separate financial statements (individual annual accounts).</p> <p>For companies and business entities other than those whose securities are traded on a regulated market, IFRS Standards as adopted by the EU can be used on a voluntary basis for consolidated accounts and/or separate financial statements.</p> |
| Additional comments provided on the adoption status? | <p>As a member state of the European Union, Luxembourg is subject to the IAS Regulation adopted by the European Union in 2002.</p> <p>The EU IAS Regulation requires application of IFRS Standards as adopted by the EU for the consolidated financial statements of European companies whose securities trade in a regulated securities market starting in 2005. The EU IAS Regulation gives member states the option to require or permit IFRS Standards as adopted by the EU in separate company financial statements (statutory accounts) and/or in the financial statements of companies whose securities do not trade on a regulated securities market. See the Profile for the European Union for more detailed information about the EU IAS Regulation.</p> <p>There is one regulated market in Luxembourg: Bourse de Luxembourg.</p> <p>Luxembourg used the option under the IAS Regulation to:</p> <ul style="list-style-type: none"> • Permit IFRS Standards as adopted by the EU in the separate financial statements of all companies whose securities trade in a regulated market. • Permit IFRS Standards as adopted by the EU in both the consolidated financial statements and the separate financial statements of all companies whose securities do not trade in a regulated market. |
| If the jurisdiction has NOT made a public statement supporting the move towards a single set of accounting standards and/or | Not applicable. |

towards IFRS Accounting Standards as that set of standards, explain the jurisdiction's general position towards the adoption of IFRS Accounting Standards in the jurisdiction.

EXTENT OF IFRS APPLICATION

For DOMESTIC companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some domestic companies whose securities trade in a public market either required or permitted to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED?

In accordance with the EU Accounting Regulation, IFRS Standards as adopted by the EU are required for the consolidated financial statements of all domestic companies whose debt or equity securities trade in a regulated market as defined under EU law.

IFRS Standards as adopted by the EU are permitted but not required for the consolidated financial statements of domestic companies whose securities are traded in a public market that is not a regulated market as defined under EU law.

Does that apply to ALL domestic companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

Are IFRS Accounting Standards also required or permitted for more than the consolidated financial statements of companies whose securities trade in a public market?

Yes.

For instance, are IFRS Accounting Standards required or permitted in separate company financial statements of companies whose securities trade in a public market?

IFRS Standards as adopted by the EU are permitted in the separate company financial statements of all domestic companies whose securities trade in a regulated market in Luxembourg.

For instance, are IFRS Accounting Standards required or permitted for companies whose securities do not trade in a public market?

IFRS Standards as adopted by the EU are permitted in both the consolidated financial statements and the separate company financial statements of all domestic companies whose securities do not trade in a regulated market in Luxembourg.

If the jurisdiction currently does NOT require or permit the use of IFRS Accounting Standards for domestic companies whose securities trade in a public market, are there any plans to permit or require IFRS Accounting Standards for such companies in the future?

Not applicable.

For FOREIGN companies whose debt or equity securities trade in a public market in the jurisdiction:

Are all or some foreign companies whose securities trade in a public market either REQUIRED or PERMITTED to use IFRS Accounting Standards in their consolidated financial statements?

Yes.

If YES, are IFRS Accounting Standards REQUIRED or PERMITTED in such cases?

Required for some and permitted for others. Foreign companies whose securities trade in a regulated market in Luxembourg (and generally in the EU) are required to report under IFRS Standards as adopted by the EU for their consolidated financial statements unless the European Commission has deemed their local accounting standards to be equivalent to IFRS Standards, in which case they may use their local standards. Further details may be found on the 'Financial Reporting' page of the European Commission's website.

Does that apply to ALL foreign companies whose securities trade in a public market, or only SOME? If some, which ones?

All.

IFRS ENDORSEMENT

Which IFRS Accounting Standards are required or permitted for domestic companies?

IFRS Standards as adopted by the European Union, which are IFRS Standards as issued by the Board with some limited modifications such as the temporary 'carve-out' from IAS 39. However, the resulting financial statements of the majority of companies can still be in full compliance with IFRS Standards.

The auditor's report and/or the basis of presentation footnote states that financial statements have been prepared in conformity with:

IFRS Standards as adopted by the European Union.

Does the auditor's report and/or the basis of preparation footnote allow for 'dual reporting' (conformity with both IFRS Accounting Standards and the jurisdiction's GAAP)?

Yes. It is possible to assert compliance with IFRS Standards as adopted by the EU and, additionally, to assert compliance with IFRS Standards as issued by the Board, provided compliance with IFRS Standards as adopted by the EU would also result in compliance with IFRS Standards as issued by the Board.

Are IFRS Accounting Standards incorporated into law or regulations?

Yes, at EU level.

If yes, how does that process work?

The process is described in the Profile of the European Union.

If no, how do IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Does the jurisdiction have a formal process for the 'endorsement' or 'adoption' of new or amended IFRS Accounting Standards (including Interpretations) in place?

Yes, at the EU level.

If yes, what is the process?

The process is described in the Profile of the European Union.

If no, how do new or amended IFRS Accounting Standards become a requirement in the jurisdiction?

Not applicable.

Has the jurisdiction eliminated any accounting policy options permitted by IFRS Accounting Standards and/or made any modifications to any IFRS Accounting Standards?

Yes, at the EU level.

If yes, what are the changes?

Details are in the Profile of the European Union.

Other comments regarding the use of IFRS Accounting Standards in the jurisdiction?

None.

TRANSLATION OF IFRS ACCOUNTING STANDARDS

Are IFRS Accounting Standards translated into the local language?

IFRS Standards are translated into two out of the three administrative languages applicable in Luxembourg, ie French and German but not Luxembourgish. In practice, the original version in English is also widely used locally.

The European Union has 24 official and working languages. They are: Bulgarian, Croatian, Czech, Danish, Dutch, English, Estonian, Finnish, French, German, Greek, Hungarian, Irish, Italian, Latvian, Lithuanian, Maltese, Polish, Portuguese, Romanian, Slovak, Slovene, Spanish and Swedish. Before they are published in the Official Journal of the European Union, and therefore become binding under EU law, individual IFRS Standards must be translated into all of those languages (other than English and Irish).

If they are translated, what is the translation process? In particular, does this process ensure an ongoing translation of the latest updates to IFRS Accounting Standards?

Pursuant to a copyright waiver agreement with the Directorate-General for Translation of the European Commission, the Commission takes care of the translation into the official languages (including both French and German) according to their own translation process. The translation only covers the standard and mandatory guidance, which is what is then published in the *Official Journal of the European Union*.

APPLICATION OF THE IFRS FOR SMEs ACCOUNTING STANDARD

Has the jurisdiction adopted the *IFRS for SMEs* Accounting Standard for at least some SMEs?

No.

If no, is the adoption of the *IFRS for SMEs* Accounting Standard under consideration?

No. The CNC notes that adoption by EU Member States of the *IFRS for SMEs* Standard as issued by the IASB Board first requires a decision at EU level dealing with the incompatibilities/conflicts between the EU accounting directives and the *IFRS for SMEs* Standard.

Did the jurisdiction make any modifications to the *IFRS for SMEs* Accounting Standard?

Not applicable.

If the jurisdiction has made any modifications, what are those modifications?

Not applicable.

Which SMEs use the *IFRS for SMEs* Accounting Standard in the jurisdiction, and are they required or permitted to do so?

Not applicable.

For those SMEs that are not required to use the *IFRS for SMEs* Accounting Standard, what other accounting framework do they use?

SMEs are permitted to choose between:

- IFRS Standards as adopted by the EU, and
- Luxembourg statutory requirements derived from the EU accounting directives, as set out in:
 - the amended Law on Commercial Companies of 10 August 1915 (consolidated accounts)
 - the Law on the Commercial and Companies Register and on the Accounting Records and the Annual Accounts of Undertakings of 19 December 2002 (annual accounts).

Other comments regarding use of the *IFRS for SMEs* Accounting Standard?

The CNC states that application of the *IFRS for SMEs* Standard in the European Union is a question to be dealt with at the EU level. CNC notes that in May 2010, EFRAG issued at the request of the EU Commission a letter entitled 'advice on compatibility of the IFRS for SMEs Standard and the EU Accounting Directives' which identified several conflicts.