

Luther.

Newsflash | September 2023

New Luxembourg law on non-profit organisations and foundations

On 28 June 2023, a new law was adopted by the Luxembourg Parliament on non-profit organisations and foundations (bill of law n°6054).



General

Non-profit organisations and foundations were governed by the amended law on non-profit organisations and foundations dated April 21 April 1928. Although a number of amendments were made over the years, the law had its shortcomings, and was too rigid and formalistic in other respects.

A new law dated 7 August 2023 and published on 19 September 2023 has been introduced, on the one hand, to fill these gaps by introducing new provisions designed to complement and clarify the existing ones. On the other hand, the new law aims to simplify the existing provisions to make them more flexible, while abandoning those that are no longer useful.

Main changes

The key reforms are:

- The rules related to the publishing of deeds of non-profit organisations and foundations and their enforceability have been simplified and the governance rules of non-profit organisations and foundations have been aligned and allow for more flexibility now, such as the possibility of holding board meetings and general meetings remotely.
- In the light of Special Recommendation VIII of the Financial Action Task Force (FATF), the rules governing the approval of donations have been simplified and a new accounting regime for non-profit organisations has been introduced, pur-

suant to which the accounting obligations will differ according to the respective size of the non-profit organisation.

- The initial endowment required to set up a foundation is set at EUR 100,000.
- The obligation to file an up-to-date annual member list with the Luxembourg Register of Commerce and Companies (*Registre de Commerce et des Sociétés*, "RCS") imposed on non-profit organisations has been abandoned. This filing has been replaced by the an up-to-date members' register to be kept at the registered office of the non-profit organisation.
- Restructuring mechanisms for non-profit organisations as well as for foundations such as transformations or mergers have been introduced.
- Non-profit organisations and foundations are now allowed to own real estate assets that are not directly required to achieve their purpose.
- An administrative dissolution procedure without liquidation applicable to non-profit organisations and foundations in case the information available on the RCS is not up-to-date or accurate has been introduced.

Repealing and transitory measures

The law dated 21 April 1928 has been repealed.

Within 24 months from the entry into force of the new law, the articles of association of non-profit associations and foundations incorporated prior to the entry into force of the new law must be amended to comply with its provisions. In the meantime, these non-profit associations and foundations will continue to be governed by the provisions of the previous legislation.

If the articles of association are not amended to comply with the provisions of the new law, any clause thereof that is contrary to the provisions of the new law shall be deemed unwritten, and the mandatory provisions of the new law shall apply.

Entry into force

The new law shall come into force on 23 September 2023.

Your contact persons



Mathieu Laurent
Avocat à la Cour, Partner
Luther S.A. Luxembourg
T +352 27484 662
mathieu.laurent@
luther-lawfirm.com



Anneleen Hofkens
Avocat à la Cour, Counsel
Luther S.A. Luxembourg
T +352 27484 634
anneleen.hofkens@
luther-lawfirm.com

