



**GOVERNANCE
SERVICES NEWSLETTER**

LUXEMBOURG

Q2 2026

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Welcome to our Luxembourg governance services newsletter for Q2 2026, reporting upon interesting topical developments which will impact doing business in the Grand Duchy.

Bank Accounts – a welcome change

By way of update on our February publication, the new bill (**Bill 8669**) permitting deferred payment of the minimum share capital of a private limited liability company in Luxembourg (**SARL**) for up to 12 months post incorporation has now become law.

This development is expected to simplify and accelerate the company formation process, particularly for entrepreneurs, investors, international groups, and family offices establishing SPVs in the form of an SARL.

The change may offer several practical benefits, including:

- faster incorporation timelines;
- reduced administrative burden during the formation process;
- greater flexibility for founders and investors when arranging banking relationships; and
- easier establishment of Luxembourg holding and operating structures.

The change offers businesses considering the incorporation of a SARL the opportunity to review how this new flexibility could be used in their structuring and implementation plans.

The Right to Disconnect

Luxembourg formally recognised the right to disconnect in the law of 28 June 2023 (the **RTD Law**). The RTD Law amended the Labour Code by requiring employers to implement a system ensuring the right for employees who use digital tools for professional purposes not to be contacted or engaged in work outside of their working hours. Article 312-9 of the amended Labour Code defines the obligation to set up a scheme to implement these requirements and Article 312-10 details the sanctions imposed on employers who fall short.

Employers must be able to evidence that a formal framework is in place and understood by managers, otherwise administrative sanctions will apply.

Failure by employers to allow employees to adhere to the right and implement the appropriate system will be liable for an administrative fine of between EUR 251 and EUR 25,000. Prior to the fine being applied by the Director of the Labour Authority (*Inspection du Travail et des Mines – ITM*), the circumstances, the seriousness of the breach and behaviour of the offender should all be considered. The RTD Law came into force on 1 July 2023 and provided for a three-year transition period. Such sanctions will become applicable as from 1 July 2026.

Any scheme implemented under the RTD Law must, where applicable, include compensation arrangements for exceptional cases in which the right to disconnect cannot be respected. Businesses may find it useful to seek legal advice to ensure that their arrangements reflect the requirements of the RTD Law to avoid failing foul of the associated sanctions.

RBE – enforcement update

In late January, the Luxembourg Business Register (**LBR**) and the Minister for Justice announced new measures pursuant to which the LBR would conduct targeted outreach to ensure that the records of companies and associations were up to date.

Following on from this announcement, the authorities have announced that inspections will take place in the coming weeks. These inspections will be carried out by the Grand Ducal Police in cooperation with the public prosecutor's office.

There are significant consequences should lapses or failures be identified. Criminal fines ranging from EUR 1,250 to EUR 1.25 million may be imposed together with the risk of dissolution or judicial liquidation in the event that a particular entity cannot be located at its registered office.

EU Inc.

On 18 March 2026, the European Commission published a proposal for a Regulation establishing a new optional EU wide corporate legal framework known as "EU Inc.". The proposal forms part of the Commission's broader competitiveness agenda and the so called "28th regime", which aims to reduce legal fragmentation across the EU single market.

EU Inc. would be a new private limited liability company form, available in all EU Member States alongside existing national company forms. Companies could choose to incorporate as an EU Inc. regardless of their size, sector or Member State of establishment. Existing companies would also be able to convert into an EU Inc. via cross border mergers, divisions or conversions.

The core objective of the proposal is to make it easier and cheaper for businesses, in particular startups and scaleups, to set up and operate across the EU under a single harmonised set of corporate rules. The Commission has highlighted the fact that differences between company law in different jurisdictions create legal uncertainty, administrative burdens and higher costs for companies seeking to grow cross border.

Key features of the proposed EU Inc. framework include:

- a fully digital, fast track incorporation process, with registration within 48 hours, no minimum share capital requirement and a maximum incorporation cost of EUR 100 where standard EU templates are used;
- a single harmonised rulebook covering the full company lifecycle, from incorporation to restructuring and liquidation, with national law applying only where the Regulation does not provide specific rules;
- simplified capital and share transfer rules, designed to facilitate modern financing structures and cross border investment;
- a common optional framework for employee stock option schemes, including harmonised rules on the timing of taxation, aimed at helping EU companies attract and retain talent; and
- digital by default procedures for insolvency and liquidation, with safeguards against fraud and abuse.

The proposal does not introduce a harmonised EU corporate income tax regime. Taxation, labour law and other regulatory matters would largely remain subject to national rules, although the Commission intends the EU Inc. framework to operate alongside other EU initiatives aimed at simplifying cross border tax and compliance obligations.

The proposal will now be reviewed and negotiated by the Council of the EU and the European Parliament. If adopted, it would represent a significant step towards a more integrated corporate law framework in Europe, particularly for businesses looking to scale across multiple Member States.

AML Risk Exposure

On 19 December 2025, a new law (originating from draft Bill No. 8486) entered into force in Luxembourg in the area of AML. The main reform is the overhaul of Article 506-1 of the Luxembourg Criminal Code.

The money laundering offence now broadly encompasses any crime or misdemeanour as a predicate offense replacing the previous approach of maintaining an enumerated list. The predicate offense can be committed in Luxembourg or abroad. The only requirement is that the act also be punishable in the country where it was committed, except for certain serious offenses.

As a result, funds derived from tax fraud committed in another jurisdiction, assuming that the act is also criminalized there, may be prosecuted as money laundering in Luxembourg. It is important to note that this applies even if the original perpetrator cannot be prosecuted due to limitation periods or death.

Contacts



MELINA HOWARD

Managing Director, Luxembourg
Luxembourg
melina.howard@mourant.com



ADRIAN DOBBYN

Director – Head of Luxembourg
Corporate Governance
Luxembourg
adrian.dobbyn@mourant.com

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