Luxembourg: Upcoming reform of the deferred payment of minimum share capital for SARLs

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SARL | SARL-S | Deferred Payment | Minimum Share Capital | Incorporation Flexibility | Incorporation Process | Bank Account Opening | Luxembourg Company Law | Company Formation Luxembourg | Luxembourg Attractiveness | Entrepreneurship | Investment Structuring Luxembourg

In brief

On **16 December 2025**, Draft Bill No. 8669 was introduced before the Luxembourg parliament. It aims to modernize the Luxembourg law on commercial companies by introducing greater flexibility in the formation of private limited liability companies (sociétés à responsabilité limitée (SARLs)).

The draft legislation proposes to allow the payment of the statutory minimum share capital of EUR 12,000 for SARLs to be deferred for up to 12 months following incorporation, while maintaining the requirement for full subscription of the share capital at incorporation.

This reform could simplify and accelerate the incorporation process for SARLs, offering greater flexibility for structuring investments and launching new ventures.
For further information and to assess the impact of the proposed reform on your existing or future Luxembourg structures, please get in touch with your usual Baker McKenzie contact.

Background and rationale

Under the current Luxembourg regime, a SARL must be incorporated with a minimum share capital of EUR 12,000, which must be fully subscribed and fully paid up at the time of incorporation. This requirement often necessitates the opening of a bank account prior to incorporation, a process that can be time-consuming due to AML/CFT and KYC requirements.

According to the government, this constraint no longer reflects modern business needs and may hinder Luxembourg's competitiveness, particularly where companies must be incorporated at very short notice for investment structuring, fund-related transactions or entrepreneurial projects.

The draft bill seeks to address these practical issues by aligning the SARL regime more closely with the flexibility already available for other Luxembourg corporate forms and with approaches adopted in several neighboring jurisdictions, including France, Germany, Belgium and the Netherlands.

Key features of the proposed reform

Deferred payment of minimum share capital

The minimum share capital of EUR 12,000 may be paid in full or in part within a maximum period of 12 months following incorporation.

The applicable timeline and payment mechanics must be set out in the articles of association (or the deed of incorporation), which may also provide for a shorter payment period.

This flexibility only applies to contributions in cash.

Full subscription requirement maintained

The obligation to fully subscribe the entire share capital at incorporation remains unchanged.

The reform does not abolish the concept of minimum share capital for SARLs.

Important limitations and safeguards

The draft bill introduces the following safeguards to ensure creditor and third-party protection:

- Amounts exceeding the statutory minimum (EUR 12,000) must still be fully paid up at incorporation.
- Contributions in kind must be fully paid up at incorporation, as under the current regime.
- Shares issued in the context of subsequent capital increases must continue to be fully paid up at the time of issuance.
- Any share premium agreed on at incorporation may also benefit from deferred payment, but only within the same 12-month limit.

Impact on bank account opening

By allowing incorporation before the capital is fully paid up, the draft bill is expected to decouple incorporation from the immediate opening of a bank account. This would enable founders to complete KYC-driven banking processes after the company has been legally established.

Responsibility, transparency and sanctions

To balance increased flexibility, the draft bill strengthens accountability mechanisms as follows:

- Founders' liability is aligned with the regime applicable to public limited companies (société anonyme (SA)), notably in respect of unpaid capital.
- The voting rights attached to shares for which capital calls remain unpaid may be suspended.
- The identities of shareholders who have not fully paid up their shares, and the amounts due, must be published with the annual accounts, ensuring transparency regarding third parties.
- Rules governing liability following transfers of shares are clarified and largely aligned with the existing SA principles.

Extension to simplified SARLs (SARL-S)

The draft bill also clarifies that the deferred payment mechanism applies equally to SARL-S, subject to their specific statutory framework.

Next steps

The draft bill has been submitted to the Luxembourg parliament and the council of state for review. Its provisions would apply to **SARLs and SARL-S incorporated after the law enters into force**.

We are closely monitoring parliamentary discussions and will keep you informed of material developments and the anticipated entry into force.

Contact Information

Jean-François Findling
Partner
Luxembourg
Read my Bio
jean-francois.findling@bakermckenzie.com

Elodie Duchêne
Partner
Luxembourg
Read my Bio
elodie.duchene@bakermckenzie.com

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