

## Inheritance & gift tax

- No inheritance tax in direct line
- Rates for other degrees: 0% to 48%
- Gift tax: rates between 1.8% and 14.4%

## Other taxes

### VAT

- Standard rate: 17 %
- Reduced rates for some goods and services: 14%, 8%, 3%

### Municipal business tax

- Varies by municipality, e.g. 6.75% for Luxembourg city

## Social security

### Wage earners – Manual and non manual activity

Coverage	Wage Tax earners	
Sickness <sup>1,2</sup>	2.8/3.05	2.8/3.05
Pension <sup>1</sup>	8.00	8.00
Accident <sup>1</sup>	–	0.90
Mutual insurance <sup>1,3</sup>	–	0.46 to 2.95
Health at work <sup>1</sup>	–	0.11
Dependence <sup>4</sup>	1.40	–
<b>Total</b>	<b>12.20/12.45</b>	<b>12.32 to 15.01</b>

Independents	
Coverage	%
Sickness <sup>1</sup>	6.10
Pension <sup>1</sup>	16.00
Accident <sup>1</sup>	0.90
Mutual insurance <sup>1,3</sup>	0.46 to 2.95
Dependence <sup>4</sup>	1.40
<b>Total</b>	<b>24.86 to 27.35</b>

- 1 Contributions computed on a yearly gross remuneration capped for both employee and employer to an annual ceiling of €119.915,16 (cost of living index 794.54); tax deductible
- 2 Rate varying depending on the nature of the remuneration (base salary, benefits in kind, etc.)
- 3 Depends on the average rate of absenteeism at the employer
- 4 Not capped; not tax deductible

### Offices with GES practices



**Pierre-Jean Estagerie**  
Partner  
+352 451 454 940  
pjestagerie@deloitte.lu



**Xavier Martinez Aldariz**  
Director  
+352 451 452 132  
xmartinezaldariz@deloitte.lu



**Marleen Vandenput**  
Director  
+352 451 454 216  
mavandenput@deloitte.lu

### Deloitte Luxembourg

560, rue de Neudorf  
L-2220 Luxembourg  
Grand Duchy of Luxembourg

Tel.: +352 451 451  
Fax: +352 451 452 401  
www.deloitte.lu

## Deloitte.

Deloitte is a multidisciplinary service organization that is subject to certain regulatory and professional restrictions on the types of services we can provide to our clients, particularly where an audit relationship exists, as independence issues and other conflicts of interest may arise. Any services we commit to deliver to you will comply fully with applicable restrictions.

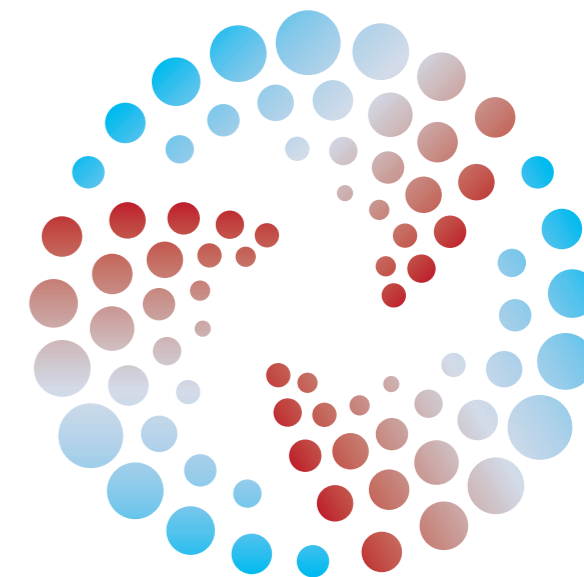
Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see [www.deloitte.com/about](http://www.deloitte.com/about) to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 264,000 people make an impact that matters at [www.deloitte.com](http://www.deloitte.com).

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser. No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.

© 2018 Deloitte Tax & Consulting  
Designed and produced by MarCom at Deloitte Luxembourg.

# Deloitte.



## Individual Pocket Tax Guide 2018 Luxembourg

May 2018

# Personal income tax

## Filing status

- Married individuals, joint taxation.
- Individuals linked by a legal partnership can opt for joint taxation (provided certain conditions are met)
- As from 2018 (tax return filed in 2019) married taxpayers can elect to be taxed separately (strict deadlines apply)
- As of 2018, non-residents married taxpayers would be by default in tax class 1. They could elect for a tax class 2 under certain conditions and by disclosing their foreign income as well (assimilation to Luxembourg resident).

## Categories of taxable income

- Employment income
- Self-employment income
- Dividends and interest
- Capital gains and other miscellaneous income
- Pensions and annuities
- Rents and royalties
- Business income, agricultural and forestry income

## Tax year

The tax year corresponds to the calendar year.

## Tax rates 2018

%	€	%	€
0	0 - 11,265*	41	150,001 - 200,004
8 – 39	11,265 - 100,001	42	from 200,005**
40	100,002 - 150,000		

Surcharge for employment fund: 7% for income not exceeding €150,000 (€300,000 for couples taxed jointly), and 9% for income above these amounts.

Highest tax rate including surcharge: 45.78% (salary above €200,004). For couples taxed jointly, the marginal tax rate applies as from €400,008.

\* Exempt tax band for single taxpayers. For couples taxed jointly, the exempt tax band is €22,530

\*\* Application of the marginal tax rate for single taxpayers. For couples taxed jointly, the marginal tax rate applies as from €400,008

Taxpayers with dependent children are entitled to a tax credit of €922.50 per child, payable monthly (i.e. 76.88 per month) with family allowances, state scholarship or volunteer's allowance or upon request at the end of the tax year

## Special expatriate's tax regimes

An expatriate tax regime directed at highly skilled mobile employees came into effect on 1 January 2011. The legislation applies to new expatriates coming to Luxembourg from 1 January 2011.

In order to benefit from the regime, a number of conditions must be met by the employer and the employee – doing so can result in significant tax savings.

The expat regime that is in place since January 2011 has been updated per 1 January 2013 and 1 January 2014.

## General filing due dates

Income tax returns are due until 31 March following the end of the year. According to the current practice, late filing not exceeding a couple of months is not fined.

## Allowances/deductions

- Debit interest (on private loans, credit cards, debit bank accounts); insurance premiums for life, death, accident, sickness, disability, third-party liability: max. €672 per member of household
- Contributions to individual pension schemes: max €3,200 per taxpayer
- Alimonies paid to divorced spouse: max. €24,000
- Alimonies paid to children: max. €4,020 / year per child
- Charitable contributions: max. €1,000,000 or 20% of taxable income; min. €120
- Tax deduction for home saving schemes: from €672 to €1,344, if not yet 40 years old
- Mortgage interest on principal residence: from €1,000 to €2,000 per member of household, depending on length of occupation
- Abatement for childcare and housekeeping costs: max. €5,400 per year

## Interest and dividends

- Tax-free allowance: €1,500 (€3,000 for jointly taxed spouses)
- 50% exemption: on certain dividends paid by capital companies resident in the EU or in treaty countries
- 20% flat taxation: on interest paid by a Luxembourg paying agent

or, upon request and under conditions, by a foreign paying agent

## Capital gains

### Long-term capital gains

Securities (>6 months)	if participation ≤10%: exempt if participation >10%: 1/2 tax rate
Real estate (>2 years)	1/4 tax rate*

\* temporary regime applicable until 31 December 2018

First €50,000 of long-term taxable gains (€100,000 for couples taxed jointly) in a 11-year period: exempt

### Short-term capital gains

Securities and any other movable property (≤6 months)	full tax rates
Real estate (≤2 years)	full tax rates

## Reimbursement for business trips

- Mileage: €0.30/driven km
- Lodging and meals: refund of actual costs engaged or lump-sum compensation (varying according to the country)

## Imputed income for personal use of company car

From 0,5 to 1,8% (VAT and options included) depending on the carbon emission and type of fuel used for company cars as of 1st January 2017, or 1,5 % of the gross list price for cars before 31<sup>st</sup> December 2016.