

Luxembourg Tax Alert

2017 Individual Tax Reform – Non-resident taxpayers and separate taxation: new announcements and practical modalities

06 October 2017

Following the newsletter issued by the tax authorities on 3 October 2017 and following our previous tax alert, new guidelines regarding the taxation of non-residents and practical modalities for separate taxation and 2018 tax card have been published.

Action required by 31 October 2017:

As a reminder, as of 1 January 2018 non-resident taxpayers will be taxed as follows:

- **Non-resident taxpayers will receive a letter from the Luxembourg tax authorities, which may contain a proposed tax rate (for their 2018 tax card) if the tax authorities have sufficient information in their file.**
- **Non-resident taxpayers are free to accept or not the proposed tax rate that would be applied on the 2018 tax card.**
- **If non-resident taxpayers choose not to reply to the letter, they will fall under the standard regime, meaning tax class 1.**
- **Separate taxation and applicable tax class or tax rate can be chosen by the resident and non-resident married taxpayers via:**
https://demarches.services-publics.lu/fpgsafo/jsp/cgu_captcha?serviceType=ACD_MODE_I MPOSITION_GSA&lang=FR
- **Taxation of non-resident taxpayers**

The announcement clarifies the conditions that non-resident taxpayers need to fulfil to be assimilated to a resident taxpayer. In a nutshell:

- At least 90 percent of worldwide income should be taxable in Luxembourg (at the taxpayer level working in Luxembourg).

Besides, flexibility should be foreseen for professional income in relation to the first 50 days worked outside of Luxembourg, i.e. this income would be regarded as taxable in Luxembourg for assimilation purposes (90 percent). This still needs to be confirmed by the tax authorities/parliament.

For taxpayers with less than 13.000 EUR of net income non-taxable in Luxembourg (other than Luxembourg professional income). This still needs to be confirmed by the tax authorities/parliament.

- Where at least 50 percent of professional income of the household is taxable in Luxembourg for Belgian residents.

Fulfilling these conditions or not will have a direct impact on the applicable tax class and tax rate.

Separate taxation

- Separate taxation will be possible for resident and non-resident married taxpayers. As a reminder, the taxpayers can opt for separate taxation as of today until 31 March 2019, for the tax year 2018.

The new measures, timelines and practical modalities are explained in more details in the enclosed overview.

You will find information and examples on the [tax authorities' website](#).

For more information, do not hesitate to contact our team. We will be happy to assist you.

You will find all the information relating to the [2017 tax reform on our dedicated webpage](#).

[Download the individual tax measures](#)

Your contacts

Raymond Krawczykowski

Partner | Tax Leader

Tel: +352 45145 2500

rkrawczykowski@deloitte.lu

Pierre-Jean Estagerie

Partner | Global Employer Services

Tel: +352 45145 4940

pjestagerie@deloitte.lu

Marleen Vandenput

Director | Global Employer Services

Tel: +352 45145 4216

mavandenput@deloitte.lu

Xavier Martinez-Aldariz

Director | Global Employer Services

Tel: +352 45145 2132

xmartinezaldariz@deloitte.lu

Deloitte Luxembourg

560, rue de Neudorf

L-2220 Luxembourg

Tel: +352 451 451

Fax: +352 451 452 401

www.deloitte.lu

Deloitte is a multidisciplinary service organisation which 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.

Due to the constant changes and amendments to Luxembourg legislation, Deloitte cannot assume any liability for the content of this leaflet. It shall only serve as general information and shall not replace the need to consult your Deloitte advisor.

About Deloitte Touche Tohmatsu Limited:

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/lu/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

© 2017 Deloitte General Services

Designed and produced by MarCom at Deloitte Luxembourg