

Luxembourg Tax Alert

Update on personal income taxation and social security

18 January 2022

Now that 2022 has begun, we are taking the opportunity to share some personal tax and social security updates with you:

Impatriate tax regime reporting obligation

There is an administrative obligation to file, every year, an annual report that lists the individuals benefiting from this regime and confirms that they still meet the conditions. Under the law that entered into force on 1 January 2021, this annual report for 2021 is **due by 31 January 2022**, and should contain a list of employees who benefited from the regime during 2021.

Year-end 2021 payroll closure and COVID-19

Employers are obliged to close and submit the final payroll and salary certificates by **28 February 2022 for payroll data of calendar year 2021**.

Similar to the year before, the COVID-19 amicable tax agreements may significantly impact your 2021 year-end payroll closure, and a detailed review of some specific cases may be required.

In addition, the Luxembourg tax authorities are now stricter when assessing Luxembourg non-resident wage tax/full personal tax returns, which would normally result in a tax refund due to over-withholding in the payroll.

Under the Luxembourg Income Tax Code, employers must run their Luxembourg payroll in a correct and accurate way, and the annual employment income certificate is the only official document that serves as a basis for the income tax return. Therefore, any tax refund resulting from an incorrect payroll certificate will be refused.

Belgium, France, and Germany COVID-19 amicable agreements

Referring to [our previous tax alert](#), the Luxembourg tax authorities have confirmed that all amicable tax agreements between Luxembourg and its neighboring countries have been extended. This means that non-resident cross-border employees residing in these countries, who work from home due to the COVID-19 crisis, will continue to

remain taxable in the Member State where they would have normally worked (i.e., Luxembourg) **until 31 March 2022**.

From a social security perspective, these agreements have been extended until 30 June 2022.

Tax card

Please note that as of 1 January 2022, **tax cards will be available on MyGuichet.lu**, which employers should download for their employees. This is the case for all employers.

Each employee's tax card will remain valid year-on-year unless updated by a change in the employee's personal or professional circumstances.

E-filing of personal income tax returns

A new tool for filing individual income tax returns will be available as from February 2022 through MyGuichet.lu for the year 2021.

This will allow taxpayers to declare their income in a simpler and faster way. The taxpayers can receive their tax assessment 2 weeks after submitting their declaration. However, considering the new tax reporting process, the tax authorities will still have 5 calendar years to conduct a deep tax audit (similar to the tax assessment process for corporate tax returns). Initially, those eligible will be taxpayers who earn income from employment, receive a pension, or have rental income.

The following have a deadline of 31 March 2022:

- Deciding whether to file your tax return individually or jointly;
- Filing your personal income tax return (however, based on current practice, an automatic extension still applies); and
- Submitting your 931 form for income that qualifies under the "Relibi" law, i.e., foreign interest income that can benefit from a 20% final withholding tax.

New A1 form is introduced

A new A1 form is available for resident employees who work for one or more employers in two or more EU/EEA Member States, Switzerland, or the United Kingdom. The employer should either complete the new form "Request for a certificate", or send a "DEMDET" declaration by SECuline stating it is an activity carried out in two or more EU countries and complete the new questionnaire for the relevant resident employees.

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