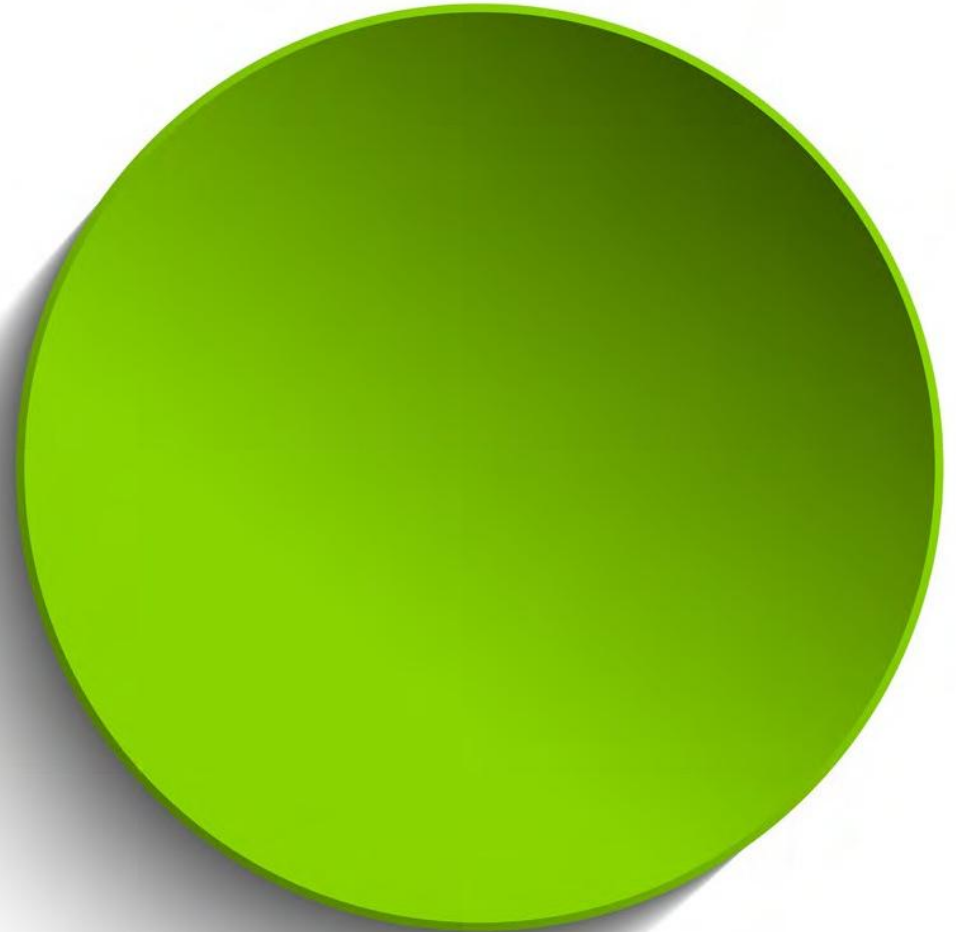
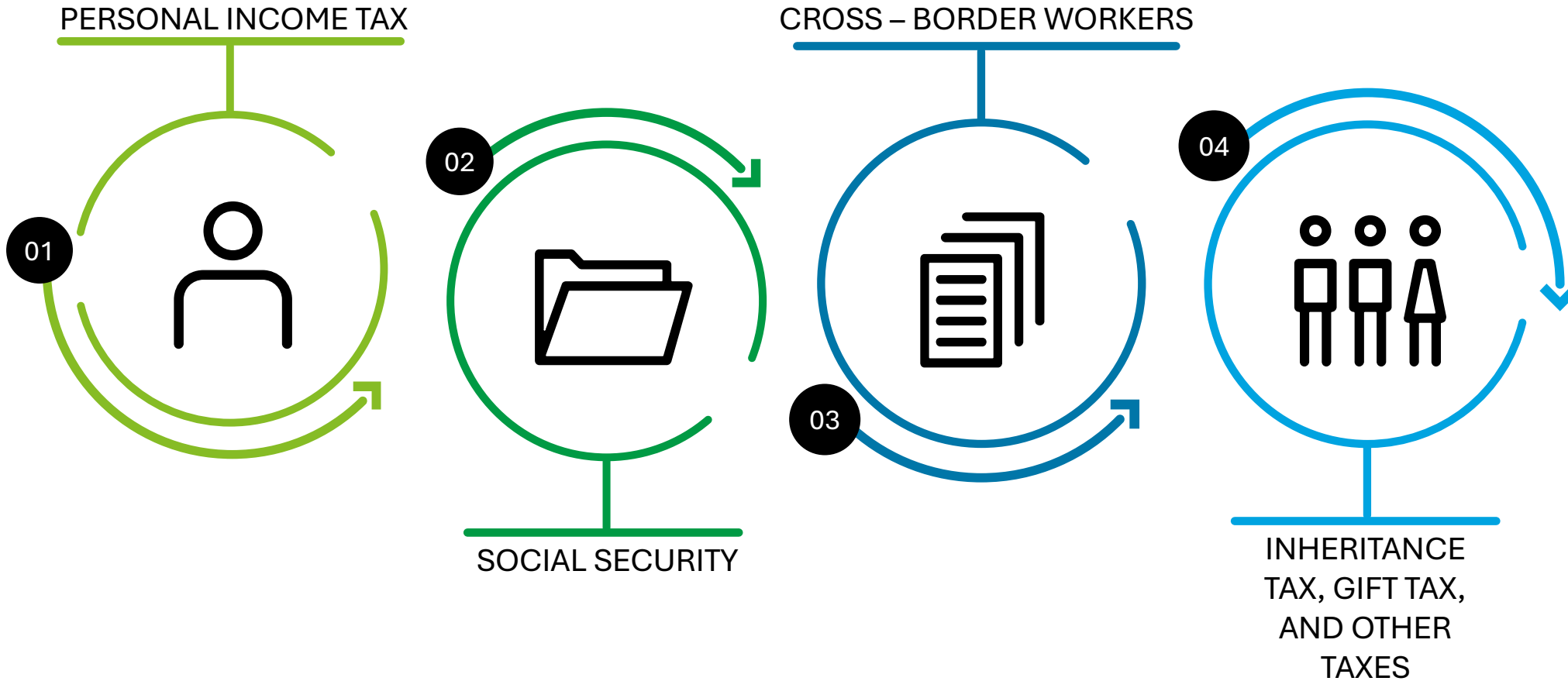


Luxembourg
Individual tax guide 2026

April 2026



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Filing status

- Married individuals, joint taxation
- Individuals in a legally recognized partnership may opt for joint taxation, subject to certain conditions.
- Married taxpayers are generally taxed jointly by default but may elect separate taxation (this choice must be made by **31 December 2027** for the **2026 tax year**).
- Non – resident married taxpayers are taxed separately by default but may opt for joint taxation if conditions are met; this requires opting for resident treatment and filing a tax return on **worldwide income**.



Tax year

- The tax year corresponds to the calendar year.



Categories of taxable income

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



General filing due dates

- The filing deadline for CY 2026 individual tax returns is set at **31 December 2027**.



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Tax classes and 2026 tax rates in Luxembourg



In Luxembourg, taxpayers are classified into three distinct tax classes based on their marital status, family situation, and age. The following table provides an overview of these tax classes for 2026:

Tax class	Description	Applicable tax rates			
		%	EUR	%	EUR
Class 1	Single individuals without children (including unmarried, divorced, or widowed individuals after three years of widowhood).	0	0 – 13,200*	41	176,200 – 234,850
		8 – 39	13,250 – 117,450	42	Over 234,900
		40	117,500 – 176,150		
Class 1a	Single individuals with dependent children, and single taxpayers aged 65 or older as of 1 January of the tax year.	0	0 – 26,450*	41	176,200 – 234,850
		1 – 39	26,500 – 117,450	42	Over 234,900
		40	117,500 – 176,150		
Class 2	Married individuals and civil partners (subject to certain conditions), as well as widowed individuals (during the first three years of widowhood) and separated individuals (during the first three years of separation).	0	0 – 26,450*	40	234,950 – 352,300
		8 – 36	26,500 – 103,550	41	352,350 – 469,700
		38	103,600 – 108,150	42	Over 469,750
		39	108,200 – 234,900		

- **Surcharge for employment fund:** 7% for income not exceeding EUR 150,000 (EUR 300,000 for couples taxed jointly), and 9% for income above these amounts.
- **Highest tax rate including surcharge:** 45.78%** excl. 1.4% contribution dependence



What to expect? Introduction of a single tax class starting 1 January 2028 (Draft Bill n°8676, published in January 2026). The bill aims to fundamentally reform personal income taxation through the introduction of a single tax class with effect from 1 January 2028.



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Tax credits

Various tax credits are available in Luxembourg, with amounts decreasing progressively as income increases. For example:

- For employees: **Employee Tax Credits “CIS”** (EUR 0 – 600) and **“CI – CO2”** (EUR 0 – 216), granted up to an annual gross salary of EUR 80,000.
 - For self – employed workers: **Tax credits “CII”** (EUR 0 – 600) and **“CII – CO2”** (EUR 0 – 216), granted up to an annual benefit of EUR 80,000.
 - For Pensioners: **Tax Credits “CIP”** (EUR 0 – 600) and **“CIP – CO2”** (EUR 0 – 600), granted up to an annual gross pension of EUR 80,000.
- **“CIS” tax credit (employees)**, based on gross salary (including the salary exempt under article 134), ranges from:
- EUR 936 to EUR 11,265: EUR 300 + (gross salary – EUR 936) x EUR 0.029 per year;
 - EUR 11,266 to EUR 40,000: EUR 600 per year;
 - EUR 40,001 to EUR 79,999: EUR 600 – (gross salary EUR 40,000) x EUR 0.015 per year.
- **“CI – CO2” tax credit**, based on adjusted taxable income, ranges from:
- EUR 936 to EUR 40,000: the tax credit amounts to EUR 216 per year;
 - EUR 40,001 to EUR 79,999: the tax credit amounts to EUR 216 – (adjustable taxable income – EUR 40.000) x EUR 0,0054 per year.



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Tax credits

➤ **Minimum social wage tax credit (*Crédit d'impôt salaire social minimum or CISSM*)**

- Applicable to employees and apprentices with salaries between EUR 1,800 and €3,600. It ranges from:
 - From EUR 1,800 to EUR 3,000, EUR 81 per month.
 - From EUR 3,000 to EUR 3,600, EUR 81/EUR 600 x [EUR 3,600 – gross monthly salary (*fictional*)] per month.

The CISSM tax credit is based on the employee's gross monthly salary for a full month of full – time work. If this condition is not met, the credit is calculated using a theoretical gross monthly salary, for example, the amount the employee would have earned under the same conditions if they had worked full – time for the entire month.

➤ **Overtime tax credit (*Crédit d'impôt pour Heures supplémentaires or CIHS*)**

From tax year 2024, Luxembourg grants employees a tax credit on tax – exempt overtime worked in Luxembourg, provided the income is taxable there and not relieved in the country of residence. The credit equals 25% of eligible overtime between EUR 1,200 and EUR 4,000 (capped at EUR 700 per year) and is claimed via the annual tax return or assessment.

- Between EUR 1,200 and EUR 4,000 per year, the CIHS amounts to [(gross earnings – 1,200) x 25 percent] per year;
- Above EUR 4,000 a year, the CIHS amounts to EUR 700 per year.

Below EUR 1,200 a year, the CIHS is not granted.

➤ **Single parent tax credit** (based on adjusted taxable income)

- Below EUR 60,000, the tax credit amounts to EUR 3,504;
- Between EUR 60,000 and EUR 105,000, the tax credit amounts to [EUR 3,504 – (adjusted taxable income – 60,000) x 0.0612];
- Above EUR 105,000, the amount is EUR 750.



As from 2026, a taxpayer separated from their partner with children in alternate residence may now request a tax credit (new article 123bis 1a LITL). The taxpayer must share the parental authority and benefit from the family allowances.



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Tax credits

- **Tax credit for individuals investing in start – ups** (introduced as from 2026). Subject to certain conditions, the credit amounts to 20% of the eligible investment, capped at EUR 100,000 per tax year. Where the credit exceeds the tax due, the unused portion may be carried forward.

	Cumulative conditions	Exclusions/limitations
Eligible startup entities	<p>An entity is eligible if:</p> <ul style="list-style-type: none"> • It is a capital or cooperative company; • It has been established for less than five years; • It employs at least two but fewer than 50 employees; • Its annual turnover or balance sheet totals less than EUR 10 million; • It is a fully taxable resident of Luxembourg or of the European Economic Area (EEA). Additional conditions apply for EEA entities; and • 15% or more of its total operating expenses are incurred for research and development (R&D) in at least one of the three fiscal years before the tax year of the tax credit request. 	<p>The following entities are not eligible:</p> <ul style="list-style-type: none"> • Law firms, audit firms, accounting firms; • Companies primarily engaged in real estate, investment companies in risk capital (SICARs), listed entities, and those formed by merger or demerger of companies as defined in the Merger Directive; • Entities that have distributed dividends or reduced capital (except to offset losses); • Entities subject to unresolved EU recovery orders regarding state aid; and • Entities classified as “enterprises in difficulty” under EU Regulation 651/2014. • A specific certification must be obtained from an approved auditor or chartered accountant regarding the number of employees and turnover/total balance sheet when the startup is part of a group of companies.
Eligible investments	<ul style="list-style-type: none"> • The investment must be made through the acquisition of new, fully paid – up, nominative shares or units in the startup’s capital, either at incorporation or during a capital increase; • The investment must be held directly (or through tax transparent vehicles, proportionally); and • The minimum eligible investment per entity is EUR 10,000 per tax year. 	<ul style="list-style-type: none"> • Eligible investment must be capped at a 30% ownership threshold and a total of EUR 1.5 million per startup entity; • Only investments in share capital and share premium may be taken into account; and • Each investment must be held for a minimum of three years.
Eligible investors	<p>Eligible investors include only:</p> <ul style="list-style-type: none"> • Luxembourg resident individuals; and • Luxembourg nonresident individuals who qualify for the assimilation as also qualifying (rticle 157ter Luxembourg Income Tax Law (LITL)). 	<ul style="list-style-type: none"> • Employees and startup founders are not eligible. A draft bill on startup stock options is expected to be submitted to Parliament in Q1 2026.
Compliance requirements	<ul style="list-style-type: none"> • A certificate must be issued by the startup regarding the ownership cap and minimum investment threshold within two months; and • An additional certificate must be issued by the startup after year end to confirm that eligibility requirements are met for the full tax year. 	<ul style="list-style-type: none"> • The minimum 15% of expenses incurred in R&D must be certified by an approved auditor or chartered accountant.



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Income from independent activities

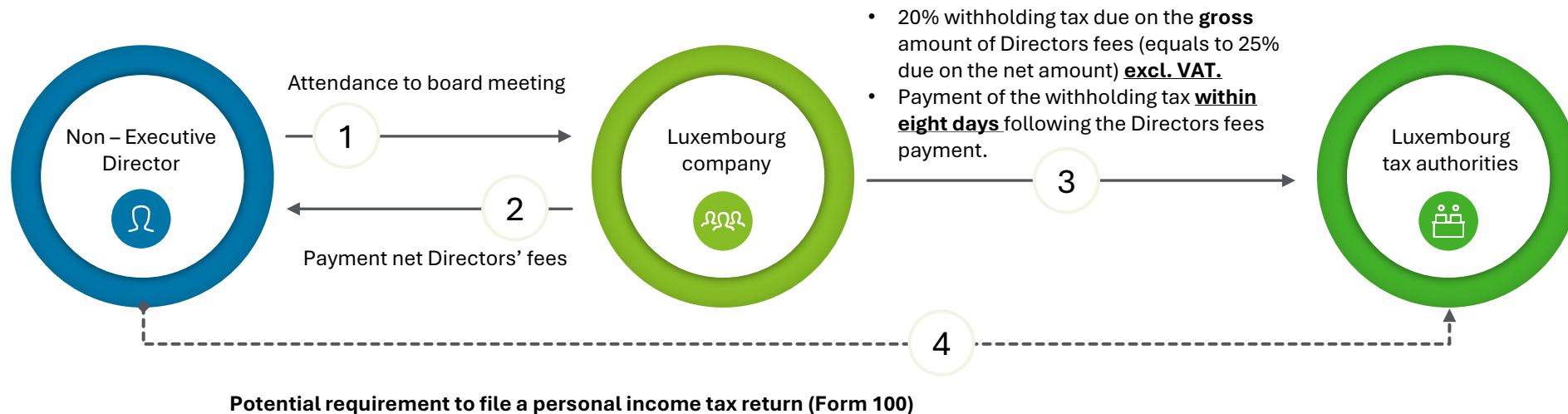
Self – employed people, such as independent directors or lawyers, will also be taxed under the same parameters, but will not benefit from available employee tax credits.

Director fees

Director’s fees are subject to a 20% withholding tax at source and must be declared and paid to the Luxembourg tax authorities within eight days following the payment date.

The withholding tax return for director’s fees must be **filed electronically** with the *Administration des Contributions Directes* (ACD).

Remuneration for daily management functions (Executive Directors) does not qualify as director’s fees and is treated as employment income. By contrast, remuneration of Non – Executive Directors, providing independent oversight or strategic guidance, qualifies as **director’s fees** and is therefore subject to the 20% withholding tax.



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Inpatriate tax regime (ITR)



The Luxembourg inpatriate tax regime offers a range of tax benefits aimed at attracting highly skilled foreign workers and supporting employers, as part of the country's strategy to strengthen its international workforce and competitiveness.

Since **1 January 2021**, the regime has been incorporated into the Income Tax Law.

Under the previous regime (applicable until **31 December 2024**), partial or full tax exemptions applied to specific employer – borne costs, including relocation and repatriation expenses, cost – of – living allowances, certain travel and housing costs (subject to caps), home leave, additional school fees, tax equalisation, and expatriate bonuses (50% exempt, capped at 30% of annual base salary).

The regime was significantly revised by **Law A589 (December 2024)**. Under the new rules, eligible inpatriates may benefit from a **50% tax exemption on annual salary**, excluding benefits in kind and certain cash payments (e.g. severance, pensions, service or retirement awards, and participative premiums). The exemption applies up to a **maximum gross annual salary of EUR 400,000** and excludes income already benefiting from specific tax exemptions under applicable legislation.



In both cases, social security contributions linked to exempted income through the inpatriate tax regime are not deductible from tax purposes.

OLD REGIME (until 31 Dec. 2024)

Example	Gross income (EUR)		Relief under ITR		Taxable income
Base Salary	200,000	–	0	=	200,000
Relocation	15,000	–	15,000	=	0
Housing	36,000				
Home Leave	5,000	–	60,000	=	61,000
Tax Equalization	80,000				
School Fees	28,000	–	28,000	=	0
Inpatriation Premium	60,000		30,000		30,000
Total (in€)	424,000	–	133,000	=	291,000

NEW (starting 1 Jan. 2025)

Example	Gross income		Relief under ITR		Taxable income
Base Salary	300,000	–	150,000	=	150,000
Company car	12,000				12,000



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Inpatriate tax regime (ITR)



Conditions for employee eligibility to the ITR:

- Must be a Luxembourg tax resident.
- Must not have been a Luxembourg tax resident, lived within 150 km of the Luxembourg border, or had professional income taxed in Luxembourg during the five years prior to employment.
- The employment must be the taxpayer's main professional activity, with a minimum annual gross salary of EUR 75,000.
- Additional conditions apply to seconded employees.
- Must not replace a non – inpatriate employee.

Conditions from the employer's side:

- Eligible expatriates must not exceed 30% of the total workforce (with part – time employees counted proportionally).
- This limit does not apply to companies established for less than 10 years as of 1 January of the relevant year.

If the conditions are met by both the employee and employer, it's important to note that the employer has sole discretion in applying the regime..



There is an obligation to notify the Luxembourg Tax Authorities about the regime by sending a list of employees who benefited from it by 31 January of the following year.

The regime lasts until the end of the eighth year following the arrival in Luxembourg and ceases to apply in case one of the conditions is not met.

Maintenance of the old regime or shift to the new one?

- For employees under the older regime who would like to switch to the new regime, they should **explicitly** choose to apply the new measures. The switch is **irrevocable** and must be made before **January 31 of the following year (N+1)**.
- The employee who has opted for the application of the new regime should benefit from the exemption **until the end of the eighth tax year** following the employee's start of service in Luxembourg.



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Participative Premium



The “prime participative” (PP) is a way for Luxembourg employers to pay variable remuneration to their employees. This remuneration model allows employers to grant such a premium to some or all their employees, based on the employer's financial results (i.e., profits) if certain conditions are met at the level of both the employee and the employer.

The prime participative benefits of a 50% personal income tax exemption in Luxembourg and remains subject to social security contributions.

To benefit from it, criteria to be met are:

- The employer must make a profit to distribute up to 7,5% of it to its employees through the prime participative, provided that regular accounting is maintained throughout the year of distribution and the preceding year.
- The beneficiary employee has to be affiliated on a compulsory basis to the Luxembourg social security (or to a foreign social security scheme covered by bi – or multilateral social security instrument).
- The prime participative cannot exceed 30% of the employee's gross ordinary annual remuneration (excluding cash, in – kind benefits, bonuses, premiums, etc.).

Since January 2023, groups of companies that are part of a fiscal unity may upon option election assess the 7.5% threshold limit on an aggregated basis, rather than on a standalone basis. The use of this possibility triggers additional compliance obligations that must be carefully done.



UPDATE 2026: The list of employees benefiting from the scheme no longer needs to be submitted after each payment during the tax year, but only once annually, by 1 March of the year following the payments (N+1).

PRIME PARTICIPATIVE PROFIT-SHARING BONUS

New way for Luxembourg employers to pay variable remuneration to their employees.

50%

The Prime Participative benefits of a 50% personal income tax exemption in Luxembourg.



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“Prime jeune” – Youth Premium

Starting in 2025, the **youth premium** (“*Prime jeune*”) provides a 75% income tax exemption, meaning 75% of the annual premium paid by the employer to a qualifying young employee entering the Luxembourg labor market is tax – free.

The maximum annual amount of the youth premium eligible for exemption (on a full – time basis) is determined as follows, based on gross salary (including salary exempt under Article 134):



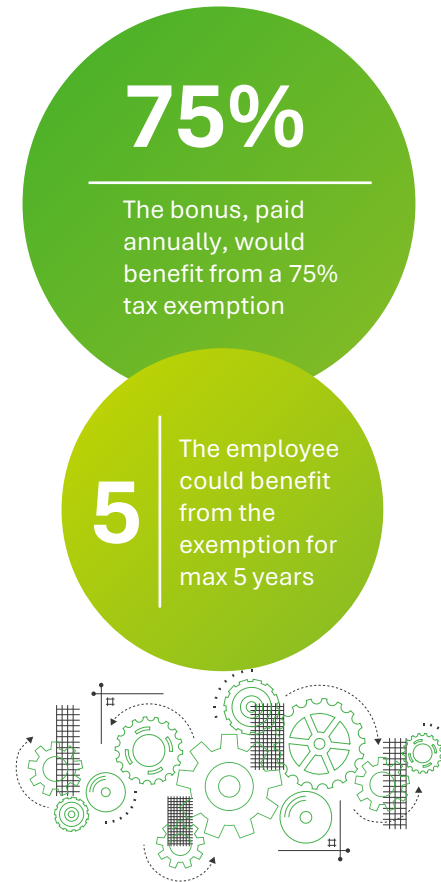
The young employee's bonus is exempt, as mentioned above, if the following conditions are met when it is provided by the employer

- The employee is **under 30 years old** at the start of the tax year;
- The employee has a first permanent employment contract with an employer based in Luxembourg or with a foreign employer that has a permanent establishment in the Grand Duchy; and
- The first young employee's bonus was paid **less than five years** before 1 January of the tax year.



Change of employer?

In the event of a change of employer, the employee is no longer eligible for the youth bonus exemption. The exemption applies only to open – ended employment contracts concluded on or after **1 January 2025**.



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Rental Premium – "Prime locative"

Starting in 2024, to help young workers enter the job market, employers can choose to offer a 'Prime locative' premium for renting the main residence. This premium is 25% exempt from personal income tax, meaning 25% of the monthly premium paid by the employer for the employee's main residence rent is tax – free.

The maximum monthly amount of the rental subsidy, determined for a full – month, full – time occupation, giving rise to the exemption is **EUR 1,000**.

The rental subsidy is exempt, as mentioned above, if the following conditions are met when provided by the employer:

- The employee is **under 30 years old** at the start of the tax year;
- The amount paid by the employer cannot exceed the rent paid by the employee, excluding charges, as shown in the lease contract;
- The employee's gross annual remuneration, including all salary and benefits (excluding the rent subsidy), must not exceed **thirty times the minimum monthly** social wage for skilled workers.

To ensure compliance with legal requirements, the employee must provide the employer with the necessary proof of rental.



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Allowances/deductions

Category	Amount
Debit interest on private loans Insurance premium	EUR 672/year and per member of household
Contribution to individual pension scheme/Pan – European pension product	EUR 4,500/year and subscriber – per member of household NEW CEILING
Alimonies (per divorced spouse)	EUR 24,000/year
Alimonies children	EUR 5,424/year for each child
Charitable contributions	The lowest between €1,000,000 or 20% of the household's taxable income
Home savings scheme	EUR 1,344/year for subscriber aged between 18 and <41 years, in any other cases EUR 672/per member of household
Childcare and housekeeping costs	EUR 5,400/year
Employment retention rebate*	EUR 9,000/year NEW 2026

A new tax allowance is introduced for individuals eligible for early retirement who choose to remain in employment until the statutory retirement age of 65. Under this scheme, known as the employment retention rebate (*“abattement de maintien dans la vie professionnelle”*), eligible taxpayers may benefit from a reduction of up to EUR 9,000 per year (i.e. EUR 750 per month) in their taxable income, provided they voluntarily defer retirement despite being entitled to it.



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).



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Rental income

- Rent
- / Loan interest
- / Building depreciation
- / Other deductible expenses

= TAXABLE BASIS



The depreciation rate is increased from 6% to 10% (as from 2026) for certain eligible investments in sustainable energy renovations of rental real estate, provided the property was completed less than nine years ago (Article 32ter (3) LITL).



Mortgage interest for main residency

- Full deduction the year when the rental value is determined plus the following year.
- EUR 4,000 per member of household for the three following years.
- EUR 3,000 per member for the following five years.
- EUR 2,000 per member afterwards.



Investment Income

Interests under Relibi Law	Interests out of Relibi Law	Dividends art. 115 – 15a LITL	Dividends out of art. 115 15a LITL
		↓	↓
		Exemption of 50% of gross income	

20% final taxation

General exemption of EUR 1,500 (doubled for couple filling jointly)

Deduction of lump – sum cost of EUR 25 (doubled for couple filling jointly) or actual costs

= TAXABLE BASIS



UPDATE 2026 – Tax exemption on interests earned from certain state – issued bonds. Subject to certain conditions, interest received by Luxembourg resident individuals on qualifying government bonds is exempt from personal income tax.



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Capital gains



Rental income

Long – term capital gains

Securities (>6 months)	if participation ≤10%: exempt if participation >10%: ½ tax rate
Real estate (>5 years)	½ tax rate

First EUR 50,000 of long – term taxable gains (EUR 100,000 for couples taxed jointly) in a 11 – year period is **tax exempt**.

Short – term capital gains (speculative gains)

Securities and any other movable properties (≤6 months)	Full tax rate
Real estate (≤5 years)	Full tax rate



NEW CARRIED INTEREST REGIME

Purely contractual carried interest are taxed at one quarter of the global tax rate (resulting in an effective tax rate below 12%).

Carried interest structured through shares or units, or linked to equity participation or co – investment, may benefit from the standard full exemption on capital gains, provided the relevant conditions are met

Substantial shareholding:

The concept of "substantial shareholding" in Luxembourg tax law is defined under Article 100 of the Law on Income Tax (LITL).

According to this provision, a shareholding is considered substantial if an individual, at any point within a five – year period preceding a taxable event, holds directly or indirectly, individually or jointly with household members (i.e., spouse and minor children), more than 10% of the share capital of a company. This definition is crucial for various tax implications, including those related to capital gains on shares.

Transfer of tax residence in Luxembourg:

A “step – up” mechanism may be available for individuals upon transfer of tax residence to Luxembourg.



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Imputed income for personal use of company car



Since **2022**, the rules for valuing the benefit in kind (BIK) for company cars have been amended several times. For **2023 and 2024**, a transitional regime applied, with rates varying based on **CO₂ emissions** and **type of motorization** (combustion, hybrid, or electric).

As part of its energy transition strategy, Luxembourg has introduced **more favorable tax rates** to encourage the use of electric vehicles, reflecting its broader commitment to sustainable mobility.

The BIK is determined based on two main factors: the vehicle's **motorization** and its **CO₂ emissions level**. The applicable percentage is then applied to the vehicle's value (**new price, including options and VAT**).

Regime applicable from 2022 to 2024: Cars concerned:

- Company cars registered **from 1 January 2022** without being the subject of a contract signed until 31 December 2021;
- All company cars registered **from the year 2023 onwards**, and;
- Company cars for which a leasing contract has been concluded **until the end of 2024**, provided that the registration of the vehicle takes place **before 31 December 2025**.

Regime applicable as from 2025: Cars concerned:

- Newly registered company cars **from 1st January 2025**, for which no contract will be signed before 31 December 2024.

Regime applicable as from 2027 – Cars concerned:

- Newly registered company cars from 1 January **2027**, for which no contract will be signed before 31 December 2026.

CO2 emission	Gasoline	Diesel
g/km		
0		
>0 – 50	0,80%	1,00%
>50 – 80	1,00%	1,20%
>80 – 110	1,20%	1,40%
>110 – 130	1,50%	1,60%
>130	1,80%	1,80%

100% Electric		
a) <=18kWh	b) <=20kWh/100km	Neither a) nor b) applicable
AND		
Power propulsion system <=150kWh		
0,50%	0,50%	0,60%

Gasoline and Diesel	Hydrogen fuel cell vehicle
2%	1,00%

100% Electric		
a) <=18kWh	b) <=20kWh/100km	Neither a) nor b) applicable
AND		
Power propulsion system <=150kWh		
0,50%	0,50%	0,60%

Gasoline and Diesel	Hydrogen fuel cell vehicle
2%	1,00%

100% Electric		
a) <=18kWh	b) <=20kWh/100km	Neither a) nor b) applicable
AND		
Power propulsion system <=150kWh		
1%	1%	1,2%



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Social security

Wage earners/Self – employed

Coverage	Wage earner (%)	Employer (%)
Sickness ^{1,2}	2.80/3.05	2.80/3.05
Pension ¹	8.50	8.50 NEW 2026
Accident ⁵	–	0.70 ⁵
Mutual insurance ^{1,3}	–	0.23 to 2.66
Health at work ¹	–	0.14
Dependence ⁴	1.40	–
Total	12.70 to 12.95	12.21 to 15.03

Coverage	Self – employed (%)
Sickness ¹	6.10
Pension ¹	17.00
Accident ⁵	0.70
Mutual insurance ^{1,3,6}	0.23 to 2.66
Health at work ⁶	0.14
Dependence ⁴	1.40
Total	24.41 to 26.98

- Contributions computed on a yearly gross remuneration capped for both employee and employer to an annual ceiling of **EUR 162,224.16 (cost of living index 968,04 in force in May 2025)**, tax deductible. The social security contribution rate for pension is increased from 24.0% to 25.5%, corresponding to an increase from 8.0% to 8.5% per party (employee, employer, and state). The pension system is scheduled for a further review in 2030.
- Rate varying depending on the nature of the remuneration (e.g., base salary, benefits in kind).
- Wage earners Manual and non – manual activity. Depends on the average rate of absenteeism.
- Not capped, not tax deductible.
- Risk factor: 1 – subject to a bonus – malus factor. The rate of an accident at work depends on a bonus/malus coefficient (from 0.85 to 1.5) defined and displayed by the *Association d'Assurance Accident*. This coefficient is based on the class of risk and the number of accidents at work in the company (professional sickness and commuting accidents are excluded) over the period from 1 April 2024 to 31 March 2025.
- Optional contribution.



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TAX, GIFT TAX,
AND OTHER
TAXES

CROSS – BORDER WORKERS



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Cross – border workers

Tax and social security limitations: Main take aways



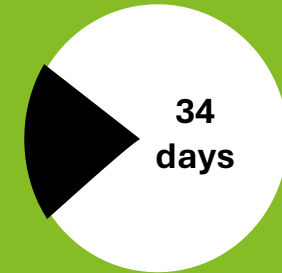
Are concerned by the following slides:
Belgian, French and German tax residents



With a Luxembourg contract

Tax threshold

Cross – border workers Luxembourg tax non – residents can work up to 34 days **outside of Luxembourg** without triggering personal taxation impacts in their country of residency.



Once the 34 – day threshold is reached

If more than 34 working days are spent outside of Luxembourg, the related remuneration should be taxable in the tax residency country as from the first day*

**Unless provided otherwise according to the relevant Double Tax Treaty into force.*



What should be done?

Tracking of remote/other country workdays carefully in case of audit or request from the tax authorities.



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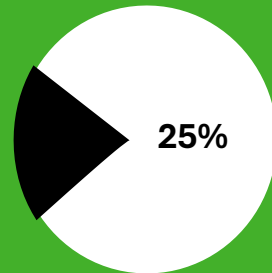
Tax and social security limitations: Main take aways

Important rule: Applicable to multi – state workers only

(Different rules apply for secondments and other situations)

Social security rule

Luxembourg tax non – residents must not perform more than 25% of their working time in their country of residence.



What should be done?

Requesting an A1 for multi – state worker is mandatory



Framework agreement

Upon request, the 25% threshold may be increased to 49% of home working time in the country of residence without affecting the applicable social security system.

No additional habitual activity may be carried out in the country of residence.

No habitual activity may be carried out in other countries.



If breached

- Social security shifts from Luxembourg system to home country on 100% of remuneration.
- Increase in costs and administrative complexity.



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Inheritance & gift tax



No inheritance tax in direct line

(within the legal portion)



Rates for other degrees:

0% to 48%

(depending on the family relationship and portion and wealth received)



Gift tax:

rates between 1.8% and 14.4%

(for gifts registered in front on a Luxembourg notary)



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Other taxes



VAT

- Standard rate: 17%.
- Intermediary and reduced rates for some goods and services: 14%, 8%, 3%.
- The super reduced VAT 3% applies to photovoltaic installation from 1 January 2023 and has not been modified for 2026.



Municipal business tax

- Varies by municipality (from 6,75% to 10,5%), for example 6.75% for Luxembourg – city.



Corporate income tax (CIT)

- Standard rate: 16%.
- Overall, the tax rate for a company located in Luxembourg – city is now 23.87% (considering the solidarity surtax of 7% on the CIT rate and including the applicable 6.75% municipal business tax rate).
- The overall tax rate of companies having a taxable result below €175,000 is 21,73%.



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Our GES practice



Julien Lamotte

Partner

jlamotte@deloitte.lu



Christelle Wack

Director

cwack@deloitte.lu

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