

LUXEMBOURG

As per 1 January 2018

EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY

Personal Income Tax Rates – Employment Income	Progressive tax rate: 0% – 45,78%
Tax period	Calendar Year
Tax residency / Domicile according to domestic law	
Tax registration	Not Required
Employment income definition	Any remuneration and benefit-in-kind received by an employee for services rendered under employment agreement; also include director's fees paid for daily management of the company
Examples of tax exemption	Reimbursement of business expenses, gift, settlement indemnity (all under conditions and/or limits) interest subsidy...
Specific expatriate concession	Possibility to obtain tax relief for certain expenses (relocation cost, rent/utilities, home leave trips, tax equalisation, school fees...)
Income of board members	Salary if paid for daily management; otherwise director's fees with a specific regim
Tax returns	Legal deadline: 31 March with possibility of extension until 31 December; obligation of submission depends of level/type of income
Tax payments	Tax withheld at source on salaries. If extra payment is due following declaration, it is due within one month after assessment issued. The tax office may put in place quarterly prepayments

TAX TREATIES

Employment income / income from board members	article 15/16 model OECD Treaties
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INTERNATIONAL SOCIAL SECURITY

Cross border employments	EU Regulation N° 883/2004 and EU Regulation N° 1408/71
Exception under Art 16 of Reg. 883/2004 and Art 17 of Reg. 1408/71	Generally applicable
Social Security Cost as % from gross salary and absolute amounts	<p>Employee part: 3.05% health, 8% pension and 1.4% dependence insurance.</p> <p>Employer part: 3.05% health, 8% pension, 0.11% Occupational Health Service, between 0.72% and 1.2% accident, between 0.41% and 2.79% employer's mutual insurance scheme depending level of accident/sickness during the year.</p> <p>Except for dependence insurance, these are calculated on an income which cannot exceed minimum social salary x 5 (€10.355,50/month as at 01.01.2019)</p>

IMMIGRATION

Work permit	Swiss, EEA and EU nationals do not need a work permit to work in Luxembourg. Third countries nationals need a residence permit.
Visa	Not required for EU national. For non-EU nationals, it must be checked depending country.
Residency permits / registration certificate	Non EU nationals who wish to come to Luxembourg to work for a period of more than 3 months, need first an autorisation to stay (before entering the country) then a residence permit (after entering the country).
Driving license	EU and EEA driving licenses are recognised in Luxembourg. Others are valid one year and must then be transcribed, i.e. exchanged against a Luxembourg license. Depending to category of the license, an examination will be or not demanded. A one-off training course will be required for drivers holding their license for less than two years
STOCK OPTION PLAN	Assuming the options are not freely transferable, the benefit-in-kind is taxed at exercise (vs grant). Tax is calculated at marginal rate on difference between value of shares at date exercise and price paid by the employee

ARTICLE 15 OF THE OECD MODEL

183 days	Luxembourg will refer to the OECD comments
Notion of employer	In principle, Luxembourg recognise the employer as the one who signed the employment contract. No reference is made in internal tax law. However, if OECD criterias are fulfilled, Luxembourg can recognise another entity as employer. The questions they ask are: Who takes the risks and responsibilities? Who give the instructions? Where is the work performed? Whose material is used?
Existence of a permanent establishment	A fixed of business i.e. 1. Place of management 2. Branch 3. Office 4. Factory 5. Workshop 6. "Landungsbrücken" 7. Building site > 6 months Specific mentions are made for railways companies and energy supply companies

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