

LUXEMBOURG

As per 1 January 2020

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EXPATRIATE AND EMPLOYER TAX COMPLIANCE AND ADVISORY**Personal Income Tax Rates – Employment Income**

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| Tax Rate | Progressive tax rate, from 0% to a maximum rate of 45.78%. |
| Tax period | Calendar Year. |
| Tax residency / Domicile according to domestic law | <p>Any individual who meets one of the 2 following conditions will be regarded as resident in Luxembourg for tax purposes:</p> <ul style="list-style-type: none"> • The individual has an accommodation available to him within the territory of the Grand-Duchy of Luxembourg. This accommodation can be rented or owned, it does not impact the residency status. This individual has to demonstrate the intention to use and keep it on a longer term; or • The individual stays more than 6 months within the Luxembourg territory, irrespective if the stay is interrupted or over lapses 2 calendar years, provided a clear intention to come back exists. |
| Tax registration | Not required. The social security number (“matricule”) is also used for tax purposes. |
| 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. In Luxembourg, not all and every taxpayers (resident or not) are obliged to file a tax return: the tax filing obligation depends on the personal situation as well as the type and amount of income received. |
| Tax payments | Tax withheld at source on salaries. If a balance is due following the filing of the tax return, the payment has to be done within the month following the receipt of the tax assessment. The tax office may put in place quarterly prepayments. |
| Tax on real estate property | |

TAX TREATIES

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| Employment income / income from board members | Art 15/16 Model OECD Tax treaties. |
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INTERNATIONAL SOCIAL SECURITY

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| Cross border employments | EU Regulation N° 883/2004 and EU Regulation N° 1408/71 |
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| Exception under Art 16 of Reg. 883/2004 | Generally applicable. |
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and Art 17 of Reg. 1408/71

Social Security Cost as % from gross salary and absolute amounts**Employee part:** 3.05% health, 8% pension and 1.4% dependence insurance.**Employer part:** 3.05% health, 8% pension, 0.11% Occupational Health Service, between 0.675% and 1.125% accident, between 0.46% and 2.70% employer's mutual insurance scheme depending level of accident/sickness during the year.

Social security contributions are due on the income received up to 128 519 EUR (as of 01/01/2020). This apply on both employee and employer contributions, except the dependence insurance which apply without any ceiling.

IMMIGRATION**Work permit**

Swiss, EEA and EU nationals do not need a work permit to work in Luxembourg. Third countries nationals need a work/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 te 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 on the benefit in kind, i.e. the value of the received shares reduced by any contribution paid by the employee (if any).

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

The definition of a permanent establishment is determined in the tax treaty itself.

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