

Luxembourg

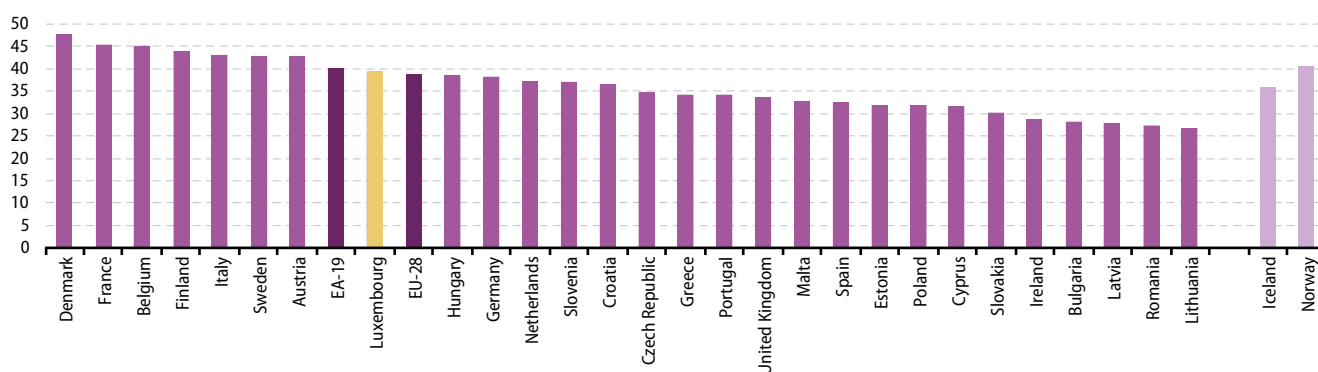
Structure and development of tax revenues

Table LU.1: Revenue (% of GDP)

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
I. Indirect taxes	13.4	13.6	12.9	13.4	12.5	12.8	12.4	12.4	12.8	13.3
VAT	6.0	6.3	5.8	6.2	6.2	6.8	6.5	6.7	7.1	7.7
II. Direct taxes	13.0	13.9	13.4	13.7	14.1	14.7	14.7	14.3	14.5	14.8
Personal income	6.6	7.3	7.6	7.4	8.1	8.1	8.0	8.4	8.4	9.0
Corporate income	5.7	5.9	5.0	5.5	5.3	5.7	5.9	5.1	5.2	4.9
III. Social Contributions (compulsory actual contributions)	10.7	10.6	10.1	10.3	10.6	11.7	11.1	10.9	11.2	11.3
Employers'	4.7	4.6	4.4	4.4	4.5	5.0	4.8	4.7	4.8	4.8
Households'	6.0	6.0	5.7	5.9	6.1	6.7	6.3	6.2	6.4	6.5
IV. Less: amounts assessed but unlikely to be collected	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
V. Total (I + II + III - IV)	37.2	38.2	36.4	37.4	37.3	39.2	38.1	37.6	38.5	39.4
VI. Social contributions (imputed + voluntary contributions)	0.9	0.9	0.8	0.8	0.9	1.0	0.9	1.1	1.0	1.0
VII. Total (incl. Imputed + voluntary contributions (V+VI))	38.1	39.2	37.2	38.2	38.2	40.2	39.1	38.6	39.5	40.5

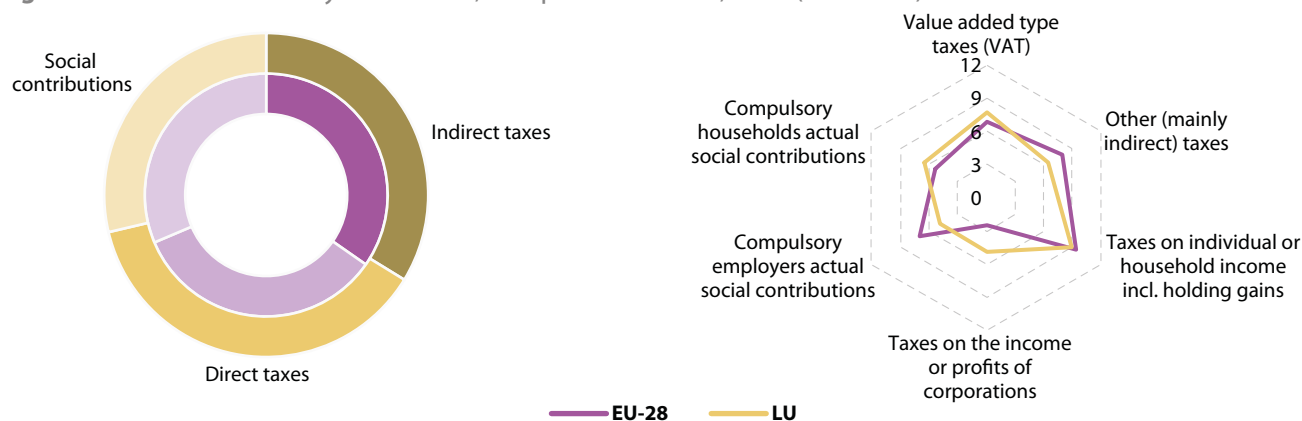
Source: Eurostat (online data code: gov_10a_taxag)

Figure LU.1: Total receipts from taxes and compulsory social contributions, 2013 (% of GDP)



Source: Eurostat (online data code: gov_10a_taxag)

Figure LU.2: Tax revenues by main taxes, compared to EU-28, 2013 (% of GDP)



Source: Eurostat (online data code: gov_10a_taxag)

Latest tax reforms

Table LU.2: Latest tax reforms

Description of measure	Change	Date
Personal income tax		
Introduction of a new contribution of 0.5 % levied on personal income (<i>impôt d'équilibrage budgétaire temporaire</i>).	Introduction (increase)	In force from: 1.1.2015
Value-added tax		
All real estate investments except those made in respect of a main residence, as well as the consumption of alcoholic beverages, will become subject to the standard rate (instead of the super-reduced rate of 3 %).	Base increase	In force from: 1.1.2015
Abolition of the super-reduced rate (3%) for e-books (which will become subject to the standard rate).	Base increase	In force from: 1.5.2015
Entry into force of the increase of the standard VAT rate (from 15 % to 17 %), of the parking rate (from 12 % to 14 %) and from the reduced rate (from 6 % to 8 %).	Rate increase	In force from: 1.1.2015
Employers' social contributions		
Increase of the social contributions for employers from between '12.73 % and 14.89%' to '12.77 % and 15.30%'.	Rate increase	In force from: 1.1.2015
Administrative, compliance related measures		
Grand-Ducal Regulation that formalises the practice of advance tax rulings and foresees that applications concerning business taxation are to be submitted to the Commission of Advance Tax Confirmation.	Introduction (neutral)	In force from: 1.1.2015

Source: DG Taxation and Customs Union. Further information on national tax reforms, including announcements of forthcoming measures, can be found in the [tax reforms](#) database.

Main features of the tax system

Table LU.3: Individual taxation (PIT)

General	
Base and jurisdiction	resident: worldwide income (subject to double-tax relief) non-resident: domestic income
Taxation of couples and families	joint taxation
System and Applicable rates	
Global / Labour income scheme	
Basic allowance	EUR 11 264 (1st income bracket taxed at 0%) also child, spouse and extraprofessional allowances
Rate schedule	progressive: 19 brackets from 0% to 40% top marginal rate: 40% (> EUR 100 000)
Surtaxes	'solidarity surcharge' 7% or 9% depending on income; <i>Impôt d'équilibrage budgétaire temporaire</i> 0.5% ⁽¹⁾
Regional and local surcharges	
Top statutory PIT rate (including surcharges)	43.6% ⁽¹⁾
Owner-occupied dwelling	included
Capital income	
Income from renting movable property	included
Income from renting immovable property	included
Capital gains (immovable property)	included
Capital gains (movable property)	included
Dividends	15% (final withholding)
Interests on deposits and special savings accounts	10% (final withholding)
Interests on corporate and government bonds	
Other specific features and alternative regimes	tax credits for hiring unemployed, lifelong learning, new investments, single parent families, wage earners, retired, independents
Other tax provisions	
Main tax credits & deductions:	
Professional expenses	lump sum OR based on real expenses
Pension savings	yes
Mortgage	yes (interests)
Others (not exhaustive)	child care, alimony, loan interest, life insurance contributions
Treatment of losses (business/self-employed income)	999-year carry forward

⁽¹⁾ IEBT (*Impôt d'équilibrage budgétaire temporaire*) of 0.5% is not included in the top marginal PIT rate (but added to social contributions).

Source: DG Taxation and Customs Union, on the basis of information provided by the national Ministries of Finance. For more detail, the [TEDB database](#) contains an extensive inventory of the main taxes in force in the EU Member States, including their legal basis, assessment base, main exemptions, applicable rate(s), economic and statistical classification.

Table LU.4: VAT

Tax rates	
Standard	17 %
Reduced rate(s)	3 % (super-reduced rate), 8 % and 14 %

Table LU.5: Corporate taxation (CIT)

Tax rates	
Nominal corporate income tax rate	21 %
Central government surcharge	7 %
Regional government surcharge	
Local government surcharge	6.75 %
Top CIT statutory rate (incl. surcharges)	29.22 %
Special tax rate for SMEs (all-in rate)	no
Tax base	
	worldwide income
Anti-avoidance	
Limits to interest deductions	yes (no specific thin cap rules, but tend to use 85:15 debt equity ratio)
Transfer pricing rules	yes, arm's length principle
Controlled foreign company (CFC)	no
Controlled foreign company (CFC) for passive income only	no
Allowance for Corporate Equity	
	no

Table LU.6: Social contributions

Base	
	employment income
Employers' contributions	
Total rate	12.77 % to 15.3 %
of which:	pension 8 %, health insurance 3.05 %, mutual healthcare/sick leave 0.51 % to 3.04 %, occupational injury 1.1 %, health at work 0.11 %
Capped contributions	yes (EUR 9 614.82 per month)
Employees' contributions	
Total rate	12.95 %
of which:	pensions 8 %, healthcare 3.05 %, dependency insurance 1.4 %, other 0.5 % (¹)
Capped contributions	yes (EUR 9 614.82 per month)

(¹) Other 0.5 %: IEBT ("Impôt d'équilibrage budgétaire temporaire") see also under PIT.

Table LU.7: Wealth and transaction taxes

Inheritance and gift tax	
	yes
Real estate taxation	
Recurrent real estate tax	yes
Regional differentiation	yes
Tax discount for primary dwelling	no
Real estate transfer tax	yes
Net wealth tax	
	no

Source: DG Taxation and Customs Union, on the basis of information provided by the national Ministries of Finance. For more detail, the [TEDB database](#) contains an extensive inventory of the main taxes in force in the EU Member States, including their legal basis, assessment base, main exemptions, applicable rate(s), economic and statistical classification.