

1) Indexation and social minimum wage increase

Law of 15 December 2016 provides an increase of the social minimum wage of 1,4% and law of 23 December 2016 an indexation of 2,5%.

New Index applicable : **794,54**

New social minimum wage as per article L.223-1 and L.222-9 of the " Code du travail" :

Age & qualification	% of the minimum gross salary	Hourly rate (€)	Monthly salary (€)
as from 18 years	100%	11,5525	1.998,59
as from 17 years	80%	9,2420	1.598,87
as from 15 to 16 years	75%	8,6644	1.498,94
Qualified	120%	13,8630	2.398,30

Maximum amount liable to social security (all regimes, except care insurance) : **9.992,93 € / month**

2) Seizure and assignments

The grand-ducal regulation dated September 27th, 2016 provides for a reassessment of the seizable and assignable limits. These modifications are valid as from December 1st, 2016.

Rate	0%	10% more than	20% more than	25% more than	100%
Net salary	To 722€	722€ to 1.115€	1.115€ to 1.378€	1.378€ to 2.296€	illimited
deduction/stage	0	39,30 eur	52,60 eur	229,50 eur	
<u>cumulated</u> deduction	0	39,30 eur	91,90 eur	321,40 eur	

3) Reform of the parental leave

The law of 3rd November 2016 has entered into force on 1st December 2016 and reforms the parental leave with the following modifications :

	Work duration Max. 40 h/w.	Work Duration ≥20 & 40≤ h/w.	Work Duration ≥10 & 20≤ h/w.	Apprentice contract
1 employer	PL full-time: 4 or 6 months PL part-time: 8 or 12 months PL splitted: 1 day per week during 20 months PL splitted: 4 x1 months over a period of max. 20 months	PL full-time: 4 or 6 months PL part-time: 8 or 12 months	PL full-time: 4 or 6 months	PL full-time: 4 or 6 months
Several employers	PL full-time: 4 or 6 months	PL full-time: 4 or 6 months	PL full-time: 4 or 6 months	

1st parental leave : The request for the 1st parental leave has to be transmitted to the employer at latest 2 months before the beginning of the maternity leave, by registered letter with acknowledgement of receipt. In case of adoption the request has to be transmitted at latest before the beginning of the adoption leave. Employers can neither refuse, unless the application was not submitted in accordance with legal conventions and deadlines, nor postpone the first parental leave. However, they can refuse to grant part-time or split leave. In this case, the employee must take full-time leave or renounce his leave.

2nd parental leave : The request for the 2nd parental leave has to be transmitted to the employer at latest 4 months before the beginning of the parental leave, by registered letter with acknowledgement of receipt. Employers can neither refuse unless the application was not submitted in accordance with legal conventions and deadlines (except in case of death of the mother before the beginning of the maternity leave or in case of death of the parent taking the first leave) nor postpone the 2nd parental leave. However, they can refuse to grant part-time or split leave. In this case, the employee must take full-time leave or renounce his leave and/or request that it be postponed under certain organizational circumstances.

Replacement income corresponding to the average monthly professional income of the 12 months before the beginning of the parental leave. The replacement income has to be submitted to social security contributions and taxes (which was not the case before). Amounts applicable as per 1st January 2017 :

Minimum per month 1.998,59 €

Maximum per month 3.330,98 €

Extension of the parental leave to the 6 years of the child & simultaneously taking of parental leave

The 1st parental leave has to be taken directly after the maternity leave or adoption leave except for a single parent. The 2nd parental leave can be taken until the child is 6 years old.

Parents can now take the parental leave simultaneously if they want to.

Social security affiliation conditions and working hours

- Parents have to be affiliated at Luxembourg social security for at least 12 months at the time the child is born or adopted, under one or more employment contracts.
- Minimum weekly work duration must be 10 hours.

4) Tax reform as of 1st January 2017

- Abolition of the **temporary budget balancing tax (IEBT)**
- Modification of the **withholding tax scale**
- Adjustments of the **tax credit** for employees, pensioners and single parents (**CIS, CIP, CIM**) according to the annual income.
- The value of a **lunch voucher** can be up to 10,80 € with a fixed personal contribution for the employee of 2,80 € regardless of the amount of the voucher. Employers are free to fix the value of the lunch voucher they want to grant to their employees.
- **Unlimited validity of tax cards** : Tax cards will have an unlimited validity until a new card is established because of change of employer or family situations. The presentation of the 2017 tax card will be on paper, DIN A4 format.
- **AMD = Sustainable mobility allowance**. In order to encourage the purchase of low CO2 or zero emission vehicles a new allowance has been issued. It can be granted via the tax income declaration, the annual salary tax adjustment or the tax card.
- **Evaluation of the benefit in kind for company car**. Until 31.12.2016 the monthly benefit in kind for the private use of a company car was 1,5% of the initial purchase price, options and VAT included regardless of the age or the motorization. The new law prescribes that the benefit in kind is determined by the level of CO2 emission and the motorization. It is applicable for every new vehicle issued as from 1st January 2017. For vehicles issued before that date the rate of 1,5% will continue to apply until the term of the contract or the sale

of the car.

The monthly benefit in kind is based on the initial purchase price, options and VAT included, minus discount, multiplied by the percentage below :

CO2 emission	Percentage of the purchase price			
	2016	As from 2017		
	All categories	Gasoline vehicle	Diesel vehicle (hybrid or sole)	Motorization 100% electric or hydrogen
0g/km	1,5%	-	-	0,5%
> 0-50 g/km	1,5%	0,8%	1,0%	
> 50-110 g/km	1,5%	1,0%	1,2%	
> 110-150 g/km	1,5%	1,3%	1,5%	
> 150 g/km	1,5%	1,7%	1,8%	

The registration certificate and the certificate of compliance of the vehicle are mentioning the above information.

Modifications starting as of 2018

Taxation of non-residents. Married non-residents earning professional income taxable in Luxembourg will get tax class 1. Nevertheless, they can opt for a taxation calculated on a global tax rate corresponding to their total worldwide income of the household. During year 2017 Luxembourg tax office will contact each person via a form in order to collect the information about their total income.

Separate taxation of married people and registered partners. Married people will be able to opt out of the joint taxation for a separate taxation. The decision has to be taken before the beginning of the concerned year. This will also be valid for registered partners.