

AMCHAM & BCC Personal tax lunch

Presentation by:

Laura Foulds, Analie Tax & Consulting

Aude-Marie Breden, Mazars

12 November 2018



Today's agenda

Agenda

- Recap of main changes effective 1 January 2018
- In-year updates
- Other areas of current focus

2018 – recap of changes

Separate filing for married resident taxpayers

Default position

- Joint filing

Optional elections

- Individual filing (like single taxpayers)
 - Both tax Class 1
 - EUR 4,500 abatement for 2 x working spouses split
- Hybrid option : reallocation of income between spouses

Residents

- **Practical election**
 - Via tax card
 - By 31/3/2019, via tax return submission
- **Joint / individual returns**
 - Forms not available yet
 - Potential check-box election
- **Deadlines for alternative taxation for 2019**
 - 31/12/2018? Will this be extended?

Married non-residents

Default position

- Tax Class 1, single filing

Optional election(s)

Tax Class 2 *if*

- 90% of income from Luxembourg (50% for Belgian residents)
 - Excludes first 50 days foreign working
 - Excludes EUR 13,000 personal income

then

- Must declare foreign income of household (professional & personal)
- Can choose hybrid allocation like residents

2018 : can elect by 31/3/2019 via tax return filing if not made election via tax card

Potential scenarios

- Person A :** no election via tax card
Tax Class 2 : must file 31/3/19
- Person B :** election via tax card
90% not met
Will be TC1 via return : will owe taxes
- Person C :** election via tax card & conditions met
you change your mind and don't want to declare foreign income
will need to file and "un-elect" on return?
Will owe taxes
- Person D :** election on tax card : chose suggested rate
Income changed during year

Independent workers

Accrued basis

From 1/1/2018 : mandatory where turnover > EUR 100,000

Take care : Independent NOT Commercial

Practical issues

- Starting point for accounts if not done previously
- How to move from cash basis to accrued basis
- Can request to spread historic income captured now over 4 years

In year updates

Treaty news

Local treaties

France joining the cross-border party

Recap :

Germany : 19 days
Belgium : 24 days
France : 29 days (*)

Other treaties

Brunei & Ukraine & Uruguay (eff. 1/1/18)
Cyprus & Senegal (eff. 1/1/19)

(*) signed, still to be ratified

New Circulars

10 new Circulars covering variety of taxes.

Personal taxation : 2 circulars confirming current practices:-

- Benefits in Kind
- Allowable employee expenses

Crypto Currencies

- Not possible to prepare accounts or equivalent statements in Cryptocurrency
- All income & expenses to be determined in EUR
- Mining is a commercial activity
- Trading is capital gain/loss
- Intra-crypto trades crystallise gain/loss

Other areas of current focus

Deadlines, penalties & disclosure

Deadlines

- Official deadline : 31 March
- Extension possible to 30 June
- Reminder letter issued late Sept : 30 Oct
- Practice : 31 December

Penalties

- Historically not too significant
- EUR 800 for late filings
- 10% tax surcharge in certain cases

Disclosure & fraud

- Voluntary disclosure ended 2017
- Any non-disclosure from 1/1/2018 risks higher penalties
- If non-disclosure is considered fraud could be passed directly to the courts

Property

Buying property

- Deductions available on purchase
- Mortgage interest during construction / when occupying
- Lump sum life insurance
- Home savings scheme

Selling property : Capital Gains Tax

- Normal rate if property owned < 2 years
- Reduced rate if property held > 2 years
- Super-reduced rate ends 31/12/18
- No Capital Gains Tax on sale in most cases where property was main residence

Don't forget!

Limits for deductions / credits

	2018
Mortgage interest	€1,000 - €2,000 / person
Debit Interest	€672
Insurance	
Personal Pension	€3,200
Home Savings Scheme	€672 - €1,344 / person(conditions / restrictions apply)
Childcare/Housekeeping	€5,400
Children not at home	€4,020 / child
Single parent tax credit	Up to € 1,500
Eco transport	Up to € 300 (bicycle) and € 5,000 (car)
Alimony	Up to € 24,000

Thank you for listening

Website: www.analietax.com

Email: laura@analietax.com

Phone: +352 26 783 884

www.mazars.lu

aude-marie.breden@mazars.lu

+352 27 114 609