

# AMCHAM & BCC Personal Tax Lunch

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# THE AGENDA

**1****HOT OFF THE PRESS**

Recent tax news

**2****LUXEMBOURG TAX BASICS**

A refresher on Luxembourg tax basics including Luxembourg tax residency, income, deductions and deadlines.

**3****TAX CHANGES**

An overview of recent & upcoming changes affecting taxpayers.

**4****UK & US UPDATES**

Updates for Luxembourg taxpayers with ongoing US & UK tax filing obligations.



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# HOT OFF THE PRESS

# NEW GOVERNMENT



## ***MORE PURCHASING POWER***

- Less taxes.
- Inflation adjustment of the tax table in several steps.
- Broadening of tax brackets.
- Higher tax allowances for families with children.
- Increase of the tax entry amount - also for single parents.
- Extension of the transition period from tax class 2 to tax class 1a to 6 years.
- No inheritance tax and no wealth tax.

Source : CSV



## POTENTIAL CHANGES?

**"Starter  
Kit"**

**Individual  
taxation**

**Child  
Tax  
Credit**

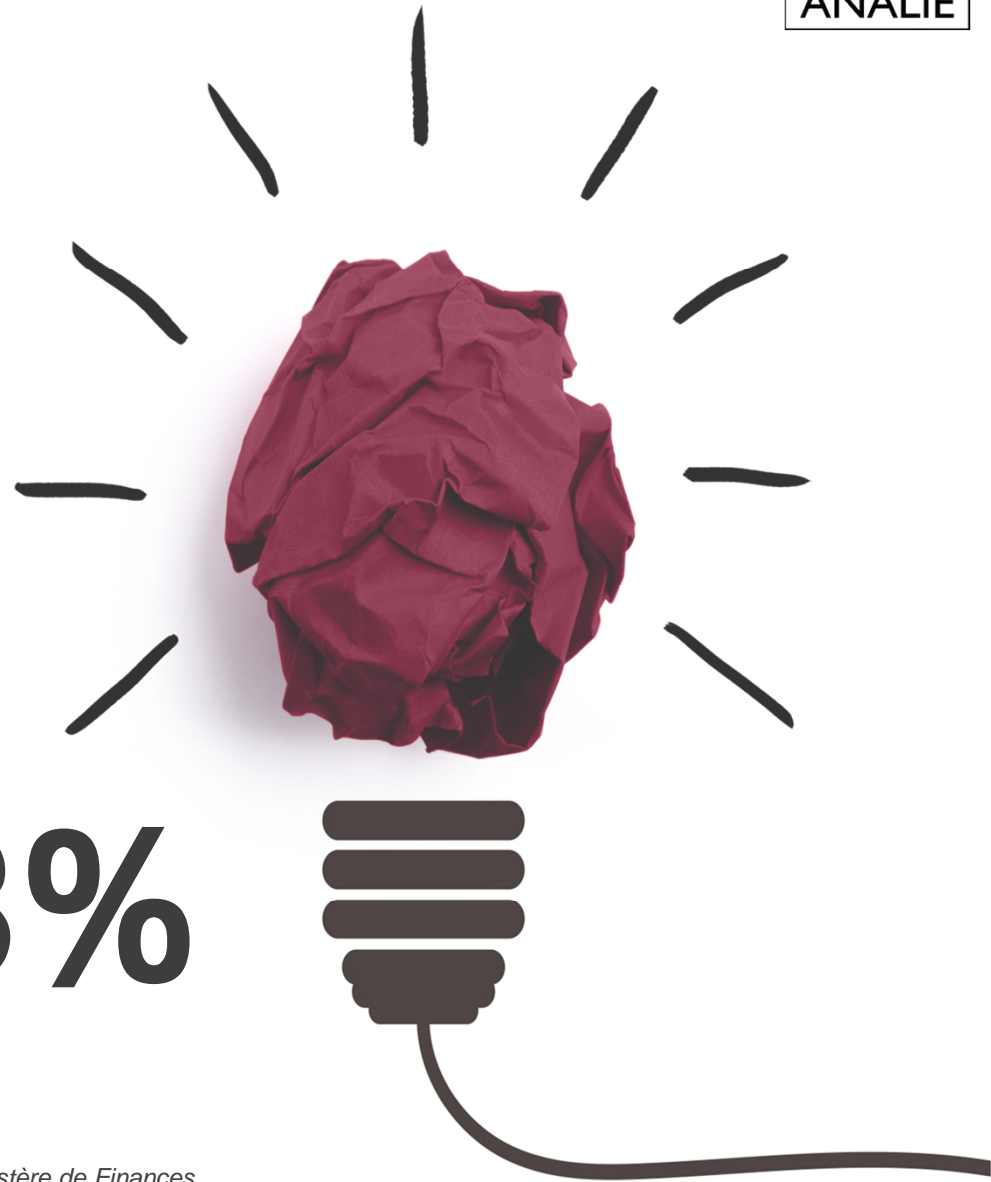
**Capital  
gains  
tax**

**Minimum  
wage**

## 2022 TAX RETURNS

*“As of mid October, 48% of individuals and 65% of businesses had yet to submit their tax returns for 2022.”*

**48%**



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# TAX BASICS

# LUXEMBOURG RESIDENCY



## RESIDENTS

- Report worldwide income

## NON-RESIDENTS

- Taxable on Luxembourg sourced income
- Election possible for resident treatment under certain conditions

## PART-YEAR RESIDENTS

- Year split into resident & non-resident periods
- Election possible for full year taxation



# JOINT TAXATION

## Individual Taxation

- Single taxpayers
- Default for non-resident taxpayers
- Default for Registered Partners
- By election for married couples resident in Luxembourg

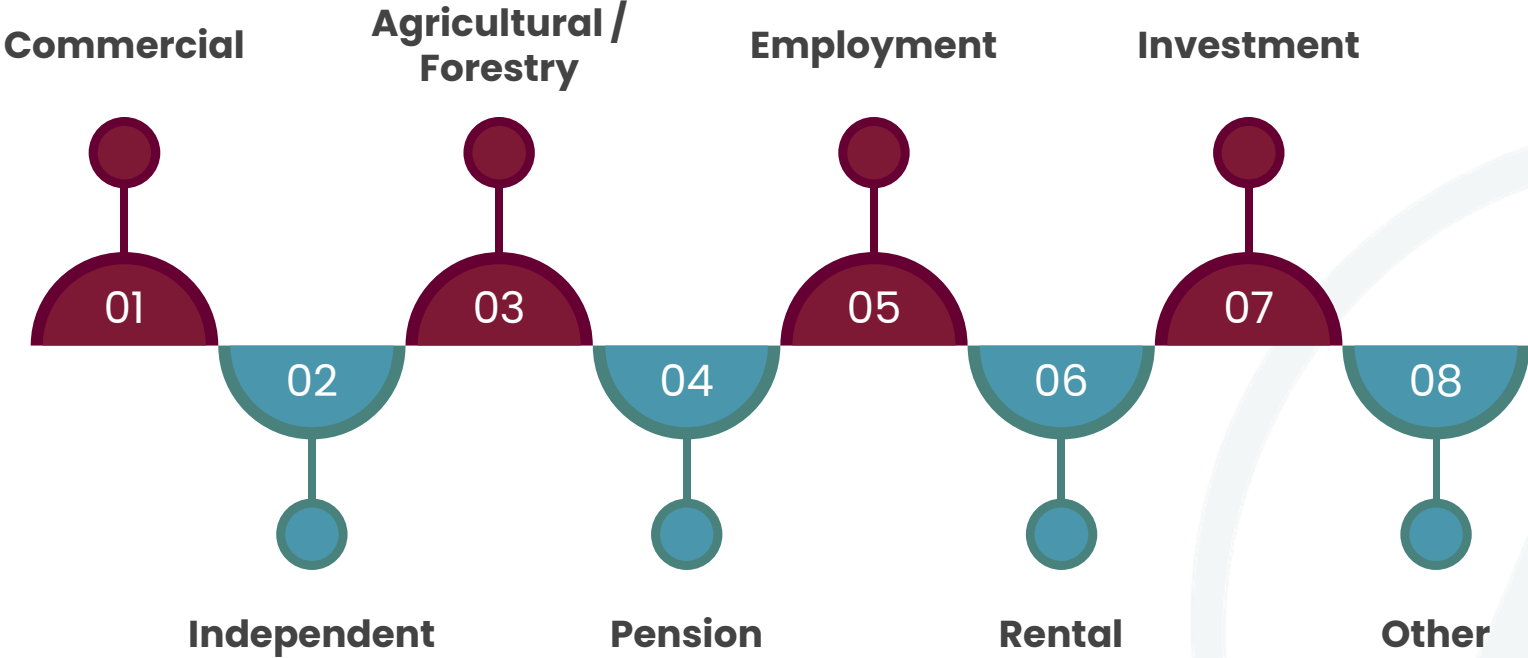
**TAX CLASS 1 or 1A**

## Joint Taxation

- Default for married couples who are both Luxembourg resident
- Default in the year of divorce/legal separation
- Optional for Registered Partners
- By election for non-residents (if conditions met).
- By election for spouses with different residencies (if conditions met)

**TAX CLASS 2**

# CATEGORIES OF INCOME





# COMMON DEDUCTIONS / CREDITS

Deductions/Credits	2024	2023
Mortgage interest *	<b>UPDATED</b> Up to €1,500 -€3,000	Up to €1,000 -€2,000
Debit Interest * Insurance *	€672	€672
Personal Pension	€3,200	€3,200
Home Savings Scheme *	€672 - €1,344 **	€672 - €1,344 **
Childcare & Housekeeping	€450/month	€450/month
Support for children outside household	<b>UPDATED</b> €4,422/child	€4,020/child
Single parent tax credit	Up to €2,505	Up to €2,505
Alimony	Up to €24,000	Up to €24,000
Self-employed pension	Up to 20% of net SE Income	Up to 20% of net SE Income

\* Limits apply per member of household

\*\* Conditions/restrictions apply

# DEADLINES

## FORM 100 & FORM 163



- Official deadline : 31 December Y+1
- Late filing of Form 163 is not accepted

## TAX ASSESSMENTS



- Generally received 6-18 months after submission
- Tax office have 5 years to issue assessment
- Tax due within 30 days

# APPEALS

## LOCAL APPEAL



- **Timeline** : 3 months after the tax assessment is issued

## HIGH LEVEL APPEAL



- If local appeal not accepted
- If local appeal not processed within timeframe
- Appeal at level of Direction
- Takes a **LONG** time to get a response
- Have to pay any assessed taxes in the meantime

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# TAX CHANGES

# 2024 CHANGES

**1**

## Income Tax

- Tax scales increasing
- 1 x salary index (Sept)
- Salary credits

**2**

## Social security

- Home work : 50% (1/7/23)

**3**

## Benefits

- Luncheon vouchers : EUR 15
- Company car benefit

**4**

## Other

- Parental leave
- Work permits for spouses
- VAT reverts to 17%

# CROSS-BORDER TAX UPDATES

Belgium

**34 days**

France

**34 days**

Simplification in France of system to pay tax on cross-border taxable income

Germany

Increase **19 → 34 days** from 1/1/2024

**TAKE CARE** : Exceeding days = potential tax, social security & payroll obligations



# UK & US Updates

# UK TAXES

## New tax treaty with Luxembourg

**In force 1 January 2024 (Lux) / 6 April 2024 (UK)**

- Changes to various articles including dividends, government workers, capital gains, employment, pension.

### **Pension article**

- First taxation right changes
- Irrevocable election possible to retain existing position



# US TAXES

## Tax bracket increases

- Tax scale increases
- Standard deduction now \$29,200 (MFJ)
- Foreign Earned Income Exclusion : \$126,500
- Expatriation

## Foreign specific reporting

- Excess US IRA contributions
- Ownership of foreign entity (generally > 10%)
- Holding non-US mutual funds or similar investments
- Gifts, inheritance, trusts



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# THANK YOU!

## GET IN TOUCH

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