

Luxembourg

Energy Package Presented to Parliament, Including New Personal Income Tax Table and Modified Energy Credit

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On 5 April 2023, the Council of Ministers presented a bill on measures to combat the soaring energy prices to the Chamber of Deputies (*chambre des députés*) including a modification of the personal income tax table and the energy credit. The most important details are summarized below.

Income tax table

The new personal income tax table effective from 2024 will be as follows:

Taxable amount (EUR)			Tax rate (%)
Up to 11,982			0
11,982	-	13,971	8
13,971	-	15,960	9
15,960	-	17,949	10
17,949	-	19,938	11
19,938	-	21,927	12
21,927	-	23,997	14
23,997	-	26,067	16
26,067	-	28,137	18
28,137	-	30,207	20
30,207	-	32,277	22

32,277	-	34,347	24
34,347	-	36,417	26
36,417	-	38,487	28
38,487	-	40,557	30
40,557	-	42,627	32
42,627	-	44,697	34
44,697	-	46,767	36
46,767	-	48,837	38
48,837	-	106,383	39
106,383	-	159,564	40
159,564	-	212,745	41
Over 212,745			42

The tax payable by "class 1a taxpayers" (single parents) is determined by applying the rate to the adjusted taxable income. For this purpose, the taxable income is reduced by an amount calculated as 50% of the difference between EUR 47,928 and the taxable income, provided that the maximum rate cannot exceed 39% for the income bracket included between EUR 40,254 and EUR 106,383, 40% for the income bracket between EUR 106,383 and EUR 159,564, 41% for the income bracket between EUR 159,564 and EUR 212,745, and 42% for the income bracket exceeding EUR 212,745.

For withholding tax purposes, the amounts of the income tax table are divided by 12 or 300, depending on whether the payment period is one month or one day.

Energy tax credit

The energy tax credit for employees and self-employed will be the following from 2024:

Income (EUR)		Amount (EUR)
936	- 40,000	144

40,001	-	79,999	$[144 (\text{net income} - 40,000) \times 0.0036]$
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For retired persons, the credit will be as follows from 2024:

Income (EUR)			Amount (EUR)
300	-	40,000	144
40,001	-	79,999	$[144 (\text{net income} - 40,000) \times 0.0036]$

Economic tax credit for self-employed and employees

The bill will introduce an annual economic tax credit for self-employed retroactively from 1 January 2023 as follows:

Income (EUR)			Amount (EUR)
13,500	-	15,000	$[(\text{net profits} - 13,500) \times 4/125]$
15,000	-	25,200	$[(\text{net profits} - 15,000) \times 3/850 + 48]$
25,200	-	55,200	$[(\text{net profits} - 25,200) \times 37/2,500 + 84]$
55,200	-	114,000	528
114,000	-	119,100	$[(\text{net profits} - 114,000) \times 4/425 + 528]$
119,100	-	170,100	576
170,100	-	179,000	$[(\text{net profit} - 170,100) \times 3/356 + 576]$
Over 179,000			651

For employees, an annual economic tax credit will apply retroactively from 1 January 2023 as follows:

Income (EUR)			Amount (EUR)
1,125	-	1,250	$[(\text{gross monthly salary} - 1,125) \times (4/125)]$

1,250	-	2,100	$[(\text{gross monthly salary} - 1,250) \times (3/850) + 4]$
2,100	-	4,600	$[(\text{gross monthly salary} - 2,100) \times (37/2,500) + 7]$
4,600	-	9,500	44
9,500	-	9,925	$[\text{gross monthly salary} - 9,500) \times (4/425) + 44]$
9,925	-	14,175	48
14,175	-	14,916	$[(\text{gross monthly salary} - 14,175) \times (3/356) + 48]$
Over 14,916			54.25

For retired individuals, the bill introduces an annual economic tax credit retroactively from 1 January 2023 as follows:

Income (EUR)			Amount (EUR)
1,125	-	1,250	$[(\text{gross monthly pension} - 1,125) \times (4/125)]$
1,250	-	2,100	$[(\text{gross monthly pension} - 1,250) \times (3/850) + 4]$
2,100	-	4,600	$[(\text{gross monthly pension} - 2,100) \times (37/2,500) + 7]$
4,600	-	9,500	44
9,500	-	9,925	$[\text{gross monthly pension} - 9,500) \times (4/425) + 44]$
9,925	-	14,175	48
14,175	-	14,916	$[(\text{gross monthly pension} - 14,175) \times (3/356) + 48]$
Over 14,916			54.25

Exemption for rental income from social renting

The bill extends an exemption for rental income from social renting regarding 2023 from 50% to 75%.

Reduction of petrol price

The bill also extends the application of the measures to reduce petrol price from 31 December 2023 to 31 December 2024.

The full text of Bill No. 8195, which was submitted to the parliament on 5 April 2023, is available [here](#) (as a PDF and French only).

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