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SOCIAL MINIMUM WAGE: WHAT CHANGES ON 1 JANUARY 2027

The social minimum wage (SSM) is expected to increase by **3.8% on 1 January 2027**, in accordance with Bill No. 8837, tabled on 5 October 2026. This increase will have a direct impact on the wage costs of Luxembourg companies.

In order to mitigate this impact, the Government also tabled Bill No. 8847 on 15 October 2026, providing for an **exceptional financial contribution to employers**.

At the same time, Bill No. 8775 provides for an **increase in the Social Minimum Wage Tax Credit** (CISSM), intended to support the purchasing power of the employees concerned.

What changes are being considered and what are their consequences for employers?

Here is an overview of the main measures to be anticipated for 2027.

I. Revaluation of the Social Minimum Wage (SSM)

In accordance with the provisions of Article L. 222-2 of the French Labor Code, a structural revaluation of the SSM is planned for 2027.

Indeed, a gap of 3.8% was noted between the minimum wage in force and the average level of wages and salaries in 2025.

Category of employees	Index	Since June 1, 2026	Effective January 1, 2027 (Bill No. 8837)	Monthly increase
18 years and over, Unskilled (100%)	992.24	2,771.33€	2,876.60€	+ 105.27€
18 years and older, qualified (120% of the SSMNQ)	992.24	3,325.59€	3,451.92€	+126.33€

The ceilings applicable to social security, set at 5 times the minimum wage, will therefore also be increased.

The total annual additional cost for all Luxembourg companies resulting from this increase in the SSM is estimated at €113 million.

II. An exceptional contribution to employers

To mitigate the financial impact of this increase in the minimum wage, the Government is planning an exceptional financial contribution.

- The State plans to cover 1.3 percentage points of the 3.8% revaluation;
- A budget of €48.3 million would be paid to the Employers' Mutual Fund (MDE);
- Like the mechanism put in place in 2023, this compensation would be achieved through a reduction
- of the contribution rate for the EDM, the precise terms of which are to be defined by the Council
- of Administration of the MDE;
- This compensation would be limited to the year 2027.

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III. Increase in the contribution rate for sickness and maternity insurance

In parallel with the increase in the SSM, an increase in health and maternity insurance contributions is also planned for 2027, in order to rebalance the finances of the National Health Fund (CNS).

- An increase of 0.125 percentage points in the employee share and 0.125 percentage points in the employer's share is envisaged;
- This increase would make it possible to maintain the CNS's reserves at a level of between 11% and 12% until 2030;
- However, this increase has not yet been definitively decided. The CNS Board of Directors, which will meet on 11 November to establish the 2027 budget, is due to examine the issue;
- Subject to its adoption, this measure could come into force on 1 January 2027.

IV. Increase in the Social Minimum Wage Tax Credit (CISSM)

An increase in the CISSM is also planned for January 2027, from €81 to €179, then in July 2027, from €179 to €200.

Social Minimum Wage Tax Credit	Until 31 December 2026	As from 1 January 2027 (Bill No.8775)	As from 1 July 2027 (Bill No.8775)
Maximum monthly amount of CISSM	81€	179€	200€

V. What are the impacts on companies?

The increase in the social minimum wage and other measures envisaged for 2027 could have an impact on companies' wage costs, budgets and remuneration practices.

In order to anticipate these changes, employers are invited to:

- **Identify the employees concerned** by the increase in the SSM and any necessary salary adjustments;
- **Update their 2027 budget forecasts**, taking into account the evolution of salaries and employer contributions;
- **Assess the impact on their salary structure**, particularly on the pay gap between employees;
- **Prepare their internal communication** in order to explain any changes in gross and net remuneration;
- **Follow the terms and conditions for the implementation of the compensation measures** announced by the Government.

These developments remain subject to the adoption of the bills and the definition of how they will be applied. Their entry into force is mainly envisaged on 1 January 2027, with some measures planned for a later date.

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