




PAYROLL ALERT

LEGISLATIVE NEWS 2023 - 2024 WHAT YOU NEED TO REMEMBER! LABOUR LAW, WAGE TAX AND SOCIAL SECURITY

The aim of this newsletter is to give you an overview of the main changes and innovations that have marked 2023 and will have an impact on 2024 in terms of labour law, wage tax and social security, as well as those planned for 2024.

NEWS IN 2023 (APPLICABLE IN 2023)

LABOUR LAW

<p>Introduction of 2 new special holidays</p>	<p>From 01/2023, introduction of 2 new extraordinary leaves, 50% of which will be paid for by the state:</p> <ul style="list-style-type: none"> ▶ Caregiver leave (“congé d’aidant”): five days’ extraordinary leave granted to provide personal care or assistance to a family member or a person living in the employee’s household. ▶ Leave for reasons of force majeure: extraordinary leave of one day out of a 12-month employment period, granted for urgent family reasons, in the event of illness or accident, which makes the employee’s immediate presence indispensable. 	<p>https://guichet.public.lu/en/actualites/2023/aout/23-nouveaux-conges-extraordinaires.html</p>
<p>Extension of paternity leave</p>	<p>Paternity leave is extended to the self-employed and to the second equivalent parent in a same-sex couple.</p>	
<p>Employer’s obligations in relation to moral harassment</p>	<p>The law of 29 March 2023 introduced a new chapter on moral harassment into the Labour Code, in articles L.246-1 et seq. This law lays down new obligations for employers, regardless of the number of employees in the company, including the introduction of internal procedures.</p>	<p>https://gouvernement.lu/fr/actualites/actualites/communiqués/2023/05-mai/02-engagement-travail-itm.html</p>
<p>Whistleblowers</p> 	<p>The aim of the law of 16 May 2023 is to guarantee effective and balanced protection for whistleblowers through clearly defined rights and obligations:</p> <ul style="list-style-type: none"> ▶ applicable to whistleblowers working in the private or public sector who have obtained information about violations in a professional context. ▶ protection against all forms of reprisal when they report acts or omissions which are unlawful or which run counter to the object or purpose of provisions of national or directly applicable European law. ▶ 3 reporting channels: internal, external and public disclosure. 	<p>https://gouvernement.lu/en/dossiers/gouv_mj%2Ben%2Bdossiers%2B2023%2Bblanceurs-d-aler.html#bloub-0</p>



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NEWS IN 2023 (APPLICABLE IN 2023)

LABOUR LAW (2)

<p>Right to disconnect</p>	<p>The law of 28 June 2023 amends the Labour Code by introducing provisions relating to the right to disconnect outside working hours. In particular, this law requires employers to set up a system tailored to the specific situation of the company or sector, guaranteeing employees the right to disconnect outside working hours.</p>	<p>https://legilux.public.lu/eli/etat/leg/loi/2023/06/28/a344/jo</p>
<p>Facilitating access to the labour market for third-country nationals</p> <p>NEW!</p>	<p>From 01/09/23, free access to the labour market for family members of third-country nationals holding a Luxembourg residence permit on the basis of family reunification.</p> <p>A work permit is no longer required for a stay of less than 3 months as part of a service provided on behalf of a company that does not belong to the same group of companies.</p> <p>The deadlines to obtain an ADEM certificate allowing the recruitment of third-country nationals following a vacancy declaration have been shortened.</p>	<p>https://guichet.public.lu/en/actualites/2023/septembre/07-loi-penurie-main-oeuvre-qualifiee.html#:~:text=The%20procedure%20for%20hiring%20third,by%20the%20employer%20are%20available</p>
<p>Adjustment of 2023 salary indexes (February, April, September)</p>	<p>The wage index increased three times in 2023: in February, April and September. The wage indexes applied in 2023 are therefore as follows:</p> <ul style="list-style-type: none"> ▶ 01.01.2023: 877.01 ▶ 01.02.2023: 898.93 ▶ 01.04.2023: 921.40 ▶ 01.09.2023: 944.43 	<p>https://www.bdo.lu/en-gb/insights/advisory-en/social-security-parameters-on-01-09-2023</p>

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NEWS IN 2023 (APPLICABLE IN 2024)

LABOUR LAW (3)

Adjustment of contribution rates for the Mutualité 2024-2025-2026 to compensate for the 3rd index tranche in 2023 for the period from September 2023 to January 2024 inclusive



In application of the tripartite agreement of 7 March 2023 concerning the third index tranche for 2023 and designed to help companies cope with inflation, employers' mutual insurance contribution rates will be adjusted downwards from the 2024 financial year until 2026. The terms and conditions of this compensation were set out in the law of 26 July 2023. This would correspond to a reduction in the rate in each class of 1.34 percentage points.
The final calculation of contribution rates for 2024 will be made at the end of 2023.

<https://ccss.public.lu/en/actualites/2023/08/09.html>

Social elections 2024



Employee elections are held every 5 years. A ministerial decree dated 13 October 2023 set the date of the ballot for the appointment of staff delegations for the period 2024 to 2029 on 12 March 2024. An election calendar has already been published by the Labour and Mines Inspectorate (Inspection du travail et des mines, ITM).

All private and public sector companies with 15 employees during the twelve months preceding the first day of the month in which the elections are posted are required to elect a staff delegation.

[Elections Sociales - Conditions de travail - Inspection du travail et des mines - Luxembourg \(public.lu\)](https://www.public.lu/fr/actualites/2023/10/13/elections-sociales-conditions-de-travail-inspection-du-travail-et-des-mines-luxembourg)

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NEWS IN 2023 (APPLICABLE IN 2023)

SOCIAL SECURITY

Extension of the agreement on social security affiliation for frontier workers concerning teleworking until 30 June 2023	In June 2022, an administrative tolerance was allowed so that cross-border workers would have the right, for a transitional period, to carry out their work in the form of teleworking from home, without this having an impact on their affiliation to Luxembourg social security, given the 25% threshold provided for by the European coordination rules. This agreement has been extended until 30 June 2023.	https://gouvernement.lu/en/actualites/notes_actualites/communiqués/2022/11-novembre/22-teletravail-periode-transitoire.html
Abolition of the advance payment at the beginning of 2023	Article 1 of the Grand-Ducal Regulation of 16 December 2022 stipulates that the advance requested as a payment on account of social security contributions will be abolished as from 1 January 2023.	https://gouvernement.lu/en/actualites/notes_actualites/communiqués/2023/01-janvier/02-abolition-cotisations-sociales.html
Abolition of 100% reimbursements by the Mutualité des Employeurs (MDE) for absences due to COVID-19	<p>The law of 23 March 2023 amending the amended law of 17 July 2020 on measures to combat the COVID-19 pandemic came into force on 1 April 2023.</p> <p>This means that from 1 April 2023:</p> <ul style="list-style-type: none">▶ Repeal of quarantine and isolation under COVID-19;▶ MDE reimbursements for COVID-19-related absences are no longer made at 100% but at 80%.	https://ccss.public.lu/en/actualites/2023/06/22.html

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NEWS IN 2023 (APPLICABLE IN 2023)

WAGE TAX

Benefit in kind company cars 2023-2024-2025	<p>The Grand-Ducal regulation of 08/05/2023 announces its intention to phase out tax benefits for company vehicles that are not carbon neutral.</p> <p>As a result, from 2025, the percentage of the value of the vehicle (new, including options and VAT) will be 1.0% (<= 18Wh/100km), respectively 1.2% (18Wh/100km) for 100% electric cars, and 2% for other engines. For further details, including the tax regimes applicable in 2023 and 2024, please consult our attached payroll alert.)</p>	<p>https://legilux.public.lu/eli/etat/leg/rgd/2016/12/23/n7/jo</p> <p>https://www.bdo.lu/en-gb/insights/business-services-outsourcing-en/reform-regarding-the-update-of-the-benefit-in-kind-for-company-cars-en</p>
VAT - Company cars - VAT applicable according to the place of residence of employees (B/DE/FR) (QM case C-288/19)	<p>Further to Circular 807bis issued on April 28, 2023 by the Luxembourg VAT Authorities, the Belgian Tax Authorities also provided guidance with respect to the taxable basis and the retroactivity of these rules (July 1, 2021). Guidance from the French Tax Authorities is expected to come soon. These rules have been applicable for Germany for several years. An impact assessment should be carried out without delay to ensure compliance with these obligations to pay VAT in the country of residence of employees benefiting of a company car.</p>	<p>https://pfi.public.lu/fr/publications/circulaires/2023/circulaire.html</p>
Conjuncture tax credit (CIC) Only for 2023!	<p>The law of 5 July 2023 amending the amended law of 4 December 1967 on income tax (loi concernant l'impôt sur le revenu, LIR) provides for the introduction of a monthly conjuncture tax credit for 2023. This tax credit will be introduced retroactively to 1 January 2023. Salaried CICs due in respect of the months of January 2023 to July 2023 were to be credited in a single payment until the end of August at the latest.</p>	<p>https://impotsdirects.public.lu/fr/az/c/c/redit-impot-conjoncture/credit-impot-conjoncture-salarie.html</p>

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NEWS IN 2023 (APPLICABLE IN 2023)

WAGE TAX (2)

<p>Profit-sharing bonuses - 2023 tax consolidation</p>	<p>In principle, the total amount of profit-sharing bonuses that may be allocated to employees is limited to 5% of the positive result of the operating year immediately preceding that in respect of which the profit-sharing bonus is allocated by the employer to the employees.</p> <p>By way of derogation, since the 2023 tax year, the aforementioned 5% limit may be calculated on the basis of the positive algebraic sum of the results of the members of the integrated group to which the employer belongs. This derogation is subject to certain conditions and its application must be the subject of a joint annual request from all the members of the integrated group (law of 22 December 2022 concerning the State revenue and expenditure budget for the financial year 2023).</p>	<p>https://impotsdirects.public.lu/fr/az/p/prime-participative.html</p>
<p>Taxation in France of French resident employees.</p>	<p>For French residents who exceed the 34-day tolerance threshold and become taxable in France for the part of the salary corresponding to days worked outside Luxembourg, Article 3 of the French Finance Law 2023 replaces the PASRAU declaration with effect from 1 January 2023.</p> <p>This means that Luxembourg employers will no longer be obliged to make monthly declarations and deductions at source in France from 2023 onwards.</p> <p>Luxembourg employers will continue to be subject to an annual declaration obligation in respect of salaries taxable in France.</p> <p>The taxes payable in France by the taxpayer will be debited directly from the bank account of the employees concerned by means of the "acompte contemporain" and at the time of their annual income tax return.</p>	<p>Please do not hesitate to contact our colleagues at BDO France for further information.</p>

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NEWS IN 2023 (APPLICABLE IN 2024)

WAGE TAX (2)

Changes to the tax system for meal vouchers



Two grand-ducal regulations dated 25 September 2023 modify the tax regime for meal vouchers with effect from 1 January 2024:

- ▶ The maximum amount exempted is increased from €10.80 to €15 (the employee contribution remains unchanged at €2.80)
- ▶ It is now specified that meal vouchers can also be used to purchase food, and not just in restaurants.
- ▶ The use of meal vouchers is no longer limited to one voucher for a meal taken during a working day: they can be used on any day up to a limit of 5 vouchers per day.
- ▶ Meal vouchers are dematerialised (digital format), with the paper format remaining authorised until 31 December 2024. The validity of meal vouchers is now limited to 12 months.

[Règlement grand-ducal du 25 septembre 2023 modifiant le régime fiscal des tickets de restaurant \(public.lu\)](#)

[Règlement grand-ducal du 25 septembre 2023 modifiant le régime fiscal des tickets de restaurant \(public.lu\)](#)

CIS reduced from 1 January 2024

The law of 5 July 2023 provides for a downward review of the CIS from 1 January 2024.

<https://impotsdirects.public.lu/fr/archives/newsletter/2023/n107072023.html>

CI-CO2 from 1 January 2024

In return, a new employee CI-CO2 will be introduced with effect from 1 January 2024.

Adjustments to tax scales from 1 January 2024

From 1 January 2024, the tax scale will be increased by 6.37%, the equivalent of 2.5 indexations on personal taxation.



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BILLS OF LAW



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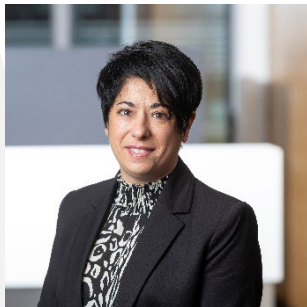
LABOUR LAW

<p>Bill transposing Directive 2019/1152 of 20 June 2019 on transparent and predictable working conditions in the European Union</p>	<p>Bill of law 8070, tabled in the Chamber of Deputies on 7 September 2022, provides for a number of measures, including:</p> <ul style="list-style-type: none"> ▶ adaptation of the mandatory clauses to be included in the employment contract ▶ the nullity of exclusivity clauses that are not justified by overriding and objective interests ▶ a legal framework in the trial clause in a fixed-term employment contract 	<p>Dossiers législatifs Chambre des députés du grand-duché de Luxembourg (chd.lu)</p>
<p>Public holidays (09.05.2024) Europe Day and Ascension Day falling on the same day</p>	<p>In 2024, the public holidays of Europe Day and Ascension Day fall on the same day, namely 9 May 2024. Bill of law 8266 provides for appropriate compensation in the various cases.</p>	<p>Dossiers législatifs Chambre des députés du grand-duché de Luxembourg (chd.lu)</p>
<h3>WAGE TAX</h3>		
<p>Status of cross-border teleworking</p>	<p>Luxembourg and Germany signed an Amendment to the Double Taxation Treaty on 6 July 2023. The amendment proposes to raise the tax tolerance threshold from 19 days to 34 days from 1 January 2024.</p>	<p>Newsletter du 6 juillet 2023 - Archives - Administration des contributions directes - Luxembourg (public.lu)</p>

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