

What can the employer do for the environment?

The environmental issue depends largely on mobility. In 2012, the Luxembourgish State had launched an initial strategy for sustainable mobility (known by the French abbreviation “MoDu” for *Mobilité Durable*). A new strategy entitled MoDu 2.0 was approved by the Council of Government on 23 May 2018. Whereas the State has clearly a decisive role to play, individuals and companies must also do their bit to change the consumption habits of each and every one of us so that we can finally become aware of the impact our behaviour has on the climate and the planet.

This is an opportunity to go over again the measures which you as an employer and your employees can take on the ecology front.

I. Choose greener company cars

Financial aid for the purchase of low carbon emission vehicles: In January 2019, the government established a financial aid scheme for zero or low carbon emission vehicles. This aid is granted for the purchase of new vehicles in the form of a bonus, the amount of which varies depending on the category of the vehicle concerned:

- **€5,000** for 100% electric cars and vans. It is worth noting that hydrogen fuel cell cars and vans are also eligible.
- **€2,500** for hybrid plug-in cars and vans with CO₂ emissions of less than or equal to 50 g/km.
- **Up to €500** for the following 100% electric vehicles: quadricycle, motorcycle, light motorcycle (125 cm³) and moped (scooter and pedelec 45). The bonus amounts to 25% of the cost of the vehicle, exclusive of VAT, without exceeding €500. The electric scooter, on the other hand, is not eligible.

Financial aid is not reserved for natural persons who own a vehicle registered in Luxembourg. **Legal entities** governed by private law are also eligible for these aids. Companies can therefore qualify when they purchase a vehicle on their own behalf.

In the case of a rental or lease contract, financial aid can be allocated to the holder of the vehicle entered on the registration certificate or identified on the rental or lease contract, on condition that the owner of the vehicle waives the aid in question and the vehicle is registered in Luxembourg.

The financial aid is allocated for vehicles registered for the first time between 1 January 2019 and 31 December 2019, which have not been registered abroad yet. Applications to obtain bonuses can be filed at the earliest 7 months after the date on which the vehicle was registered.

To find out more on how to apply for these bonuses, go to

<https://transports.public.lu/fr/contexte/initiatives.html>

At the end of the year, the government will assess the impact of this measure and decide on whether to adapt or extend it.

In order to promote sustainable modes of transport, the Luxembourgish government has undertaken to deploy a public network of 800 charging points by 2020, when the State expects to have 40,000 registered electric vehicles or 10% of the total fleet in circulation.

Induce employees to opt for a cleaner vehicle: Since the tax reform of 1 January 2017, the use of low carbon emission company cars is encouraged for employees for tax purposes. Before that date, the benefit in kind for a car, taxable on the monthly salary, was fixed at 1.5% of the value of the new vehicle (inclusive of VAT). From now on, it is adjusted downwards or upwards (from 0.5% to 1.8%) depending on the CO₂ emissions and the type of vehicle engine.

The employer has to make the employees aware of this issue. In fact, choosing a less polluting vehicle will enable the employee to save because he will be taxed less on the benefit in kind.

CO2 emission categories	Petrol engine (alone or hybrid) or compressed natural gas (CNG) engine	Diesel engine (alone or hybrid)	100% electric or hydrogen engine
0 g/km	-	-	0.50%
> 0-50 g/km	0.80%	1%	-
> 50-110 g/km	1%	1.20%	-
> 110-150 g/km	1.30%	1.50%	-
> 150 g/km	1.70%	1.80%	-

Examples:

- A diesel car worth €40,000 inclusive of tax with a CO₂ emission rate of 130g/km corresponds to a benefit in kind of €600.
- A petrol car worth €40,000 inclusive of tax with CO₂ emission rate of 106g/km corresponds to a benefit in kind of €400.
- An electric car worth €50,000 inclusive of tax to a benefit in kind of €250.



II. Encourage alternative modes of transport to the car

Place bicycles at the disposal of your employees: To promote the bicycle as an ecological mode of transport, the government has introduced a bonus of **up to €300** for the purchase of a bicycle or a Pedelec 25 (pedal assisted bicycle whose power does not exceed 0.25 kW).

Although this financial aid is reserved for natural persons only, it is worth noting that pursuant to Article 8 of the Grand Ducal Regulation of 23 December 2016, pedelecs 25 are considered as a non-taxable benefit in kind and combinable with a company car. The employer can therefore place bicycles at the disposal of his employees for professional and private transport, without the latter being taxed.

Induce employees to take public transport: Workers who take public transport to work also contribute to environmental conservation. The Luxembourgish government has launched a phase of massive investments in public transport to that end. The tram is booming in fact, and the government is currently working on improving the rail offer. A reform of bus transport is also expected in 2021. The government is in particular intent on electrifying the bus lines as promptly as possible to arrive at an electric fleet of 1300 buses by 2030.

To encourage individuals to use public transport, as of 1 March 2020, **the use of public transport** will be **free of charge** through the territory of the Grand Duchy of Luxembourg, for residents and non-residents alike (except in first class).

Until then, employees can be issued the **MPass**, a specific transport pass at a reduced rate intended exclusively for companies and administrative authorities on the territory of the Grand Duchy of Luxembourg. Furthermore, cross-border cooperation (between France, Belgium and Luxembourg) has led to the introduction of an addition to the MPass, known as **Flex Pass**.

For more information on the Mpass / Flex Pass : <https://www.mobilitet.lu/se-deplacer/titres-de-transport/mpass> - https://www.ter.sncf.com/grand-est/offres/forfaits/lorraine/lorraine_flexpass

Idea box:

- *Install a screen in your company so that your employees can consult the departure times of public transport at nearby stops in real time. Departures can also be digitally integrated in your intranet.*
- *The mobiliteit.lu search tool is available as a mobile application and can also be integrated in your website or intranet. Your employees can thus find rapidly how to get from a point A to a point B.*

Offer the employee a mobility pack: The introduction of a mobility budget in your company can help reduce the number of cars on the road. The idea is as follows: instead of opting for a conventional company car, employees can choose an **alternative sustainable and more ecological mode of**



transport (bicycle, scooter, electric scooter, etc.). The mobility budget places emphasis on “multi-modality,” i.e. the successive use of different modes of transport (for the home-to-work commute).

Different companies on the rental market offer a range of soft mobility, high-end, electric or non-electric vehicles. For more information, please do not hesitate to contact us.

III. Think of using the cars differently

Encourage carpooling: Driving has become increasingly more complicated in the Grand Duchy, and the same applies when it comes to parking. Companies must therefore take action to encourage carpooling by their employees. In this respect, a carpooling bonus could for instance be allocated to employees who opt for this solution. Some companies also reserve a certain number of free parking places for people who carpool.

It is worth noting that carpooling need not necessarily be limited to employees of the same company!

Promote car sharing: Car sharing is a solution for using a car without owning one personally. The principle is simple: Every employee can, when he so wishes, reserve the type of vehicle he needs and pay for the use thereof on the basis of the distance and time travelled. If for instance you have taken public transport to one destination, and then you need to go somewhere else by car, some companies offer the option of renting cars to get to your final destination. This solution can also be used for professional travel. This helps reduce the company's costs. Moreover, low CO₂ emission or electric vehicles are generally used.

IV. Beyond mobility, put simple things in place for ecology

Encourage teleworking: By authorizing your employees to work at home or at a place closer to their home one day a week, you help reduce daily CO₂ emissions. Ranked among the countries with the highest traffic congestion in Europe, the Grand Duchy of Luxembourg is well known for its difficult road traffic and its share of frustrations and delays.

Think of teleworking as a way to reduce stress for your employees and the impact on the environment!

By way of reminder, there are tolerance thresholds with bordering countries to keep wage taxation fully (100%) in Luxembourg.

- **German residents:** tolerance threshold of 19 days a year.
- **Belgian residents:** tolerance threshold of 24 days per year. An agreement has nonetheless been reached between Belgium and Luxembourg to revise officially the treaty against double



taxation and bring the tolerance threshold to 48 days. This would enable Belgian residents to work up to 48 days in Belgium while remaining fully taxed in Luxembourg.

- **French residents:** Following the signing of the new Franco-Luxembourgish treaty, the tolerance threshold will be 29 days per year as of 1 January 2020.

There are no tax or social security constraints for Luxembourgish residents. Employers can therefore accept teleworking concerning them more broadly.

Provide an electronic pay slip (E-payslip) of your employees. Digital pay slips constitute another way to protect our planet. Instead of receiving their payslips through the post, they will get an e-mail every month informing them that their document is available online on an electronic safe. All they will have to do then is connect to the platform with secure password to download their payslip.

If you do not use this system yet but would like to implement it in your organization, contact us now: less paper means better climate!

For more information:

https://www.securex.lu/sites/default/files/2016-07/Securex-e-payslip%20EN_1.pdf

<https://www.securex.lu/en/e-payslip/87>

Ecological wage bonus: Why not motivate your workers to endeavour for environmental protection together by granting them a wage bonus? You could for example set an objective to reduce paper and electricity consumption by 10% and thus induce your employees to send fewer letters, reduce printing, lower the heating temperature by one degree, switch off the lights, etc.

Conclusion

As you can see, there is no shortage of options for contributing to a better climate and a greener environment. We must all take appropriate action and the employer must become aware that he has a decisive role of encouragement to play to that end. Every employee should be able to organize his mobility as he wishes by using alternative means of transport to the personal car. For the car is a mode of transport that has to be reconsidered nowadays if we want to promote more sustainable mobility and a healthier environment.

For more information about mobility, you can also go to:

<https://www.mobiliteit.lu/se-deplacer/mobilite-20/plan-mobilite-entreprises>



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