

PINBOARD

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CONTENTS

1. WAGE INDEXATION AND NEW SOCIAL PARAMETERS

2. NEW ENERGY TAX CREDIT

3. TELEWORK: EXTENSION OF AGREEMENTS

4. DETAILS ON THE IMPLEMENTATION OF TELEWORK

5. END OF FAMILY LEAVE FOR COVID-19?

6. CONTRIBUTION TO THE CHAMBER OF EMPLOYEES

7. LAST MILE FOR YOUR INFPC FILE

1. WAGE INDEXATION AND NEW SOCIAL PARAMETERS

Following the wage indexation on 1 April 2022, herewith are the new rates to be taken into account.

The new wage sliding scale is thus increased from 855.62 points to **877.01** points. The automatic adjustment of wages to this scale is provided for in article 223-1 of the Labour Code. This is a **public policy provision**, so the **employer is obliged to respect it** and the employee is required to comply therewith. Any prior waiver of the application of index variations is not enforceable.

In addition, in the agreement signed on 31 March 2022 by and between the social partners UEL, LCGB and CGFP and the government, it was decided to postpone to April 2023 the index tranche which should fall in August 2022 according to the latest STATEC forecasts. It is also planned to postpone by 12 months - and not to cancel - any additional index tranche that would fall in 2023, so as to guarantee more predictability for companies.

The amounts to be taken into account for minimum social wages are now the following:

		Monthly rate	Hourly rate
18 years old	Unskilled	2,313.38 €	13.3721 €
	Skilled	2,776.05 €	16.0465 €
17 years old		1,850.70 €	10.6977 €
15 and 16 years old		1,735.03 €	10.0291 €

The remuneration of pupils or students may not be less than 80% of the minimum social wage. At index 877.01 the pupil/student is entitled to the minimum amounts shown in the table below, graduated according to age:

Remuneration of pupils and students (index 877.01)		
	Monthly rate	Hourly rate
18 years old	1,850.70 €	10.6977 €
17 years old	1,480.56 €	8.5582 €
15 and 16 years old	1,388.03 €	8.0233 €

Finally, the increase in the social minimum wage also affects the remuneration to be taken into account for trainees. If you have trainees on your staff or for any new trainee contract, here is the new minimum compensation to be taken into account:

Compensation for trainees (Index 877.01)		
	Monthly rate	Hourly rate
30% of the minimum social wage for unskilled employees for mandatory training ≥ 4 weeks	694.01 €	4.0116 €
40% of the minimum social wage for unskilled employees for practical training from 4 to 12 weeks	925.35 €	5.3488 €
40% of the minimum social wage for skilled* employees for practical training from 4 to 12 weeks	1,110.42 €	6.4186 €
75% of the minimum social wage for unskilled employees for practical training ≥ 12-26 weeks	1,735.03 €	10.0291 €
75% of the minimum social wage for skilled* employees for practical training ≥ 12-26 weeks	2,082.04 €	12.0349 €

*For trainees who have successfully completed a first cycle of higher or university education (BTS or Licence/ Bachelor), the reference salary is the minimum social salary for qualified employees as provided under Article L. 152-8. of the Labour Code.

This increase in the minimum social wage also leads to an **increase in the ceiling for contributions**. Above these ceilings, social security contributions (personal and employer's share) are no longer levied, with the exception of the 1.4% contribution for long-term care insurance.

Monthly ceiling from January to March 2022	11,284.77 €
Monthly ceiling as of April 2022	11,566.88 €
Annual ceiling for 2022	137,956.23 €

2 NEW ENERGY TAX CREDIT

*Faced with price inflation, the social partners and the Luxembourgish government have agreed on various measures to help resident and cross-border households, including the introduction of a new **energy tax credit**.*

The energy tax credit will be paid directly on the employee's pay slip by the employer, who will then be reimbursed by the Luxembourgish State. The amount can be **up to €84 euros per month**, depending on the employee's gross salary.

The energy tax credit will be paid from the first month in which the index currently scheduled for August should have fallen, until the month in which it is postponed - i.e., a priori for 8 months, from August 2022 to the end of March 2023.

The concrete modalities of application have yet to be determined.

3 TELEWORK: EXTENSION OF AGREEMENTS

As you know, due to the COVID-19 pandemic, «freeze» agreements, as they are known have been established between Luxembourg and border workers in order to enable employees to continue to telework without any impact on them in terms of social security or taxation.

> IN TERMS OF SOCIAL SECURITY

The Belgian, German and French authorities have decided that periods of telework performed on their territories by their border residents **will not be taken into account in the applicable social security legislation**. This measure remains applicable **until 30 June 2022** for French, Belgian and German residents.

> IN TERMS OF TAXATION

The same authorities have decided to extend the exceptional agreements linked to the health crisis concerning taxation beyond 31 March 2022. These agreements provide that the working days that cross-border workers spend at home solely because of the measures to combat the COVID-19 pandemic will be considered as working days performed in Luxembourg.

Thus German, Belgian and French cross-border workers will be able to work from home **until 30 June 2022** without any tax impact on their salary.

By way of reminder, outside these agreements, the tolerance thresholds are as follows:

- ▶ 29-day threshold for French residents;
- ▶ 19-day threshold for German residents;
- ▶ 34-day threshold for Belgian residents.

4 DETAILS ON THE IMPLEMENTATION OF TELEWORK

Following the entry into force of the telework agreement on 2 February 2021, new rules have been introduced to clarify the role of the staff delegation in the implementation of telework and the governance and security requirements of the Commission de Surveillance du Secteur Financier (CSSF) [Financial Supervisory Authority].

> ROLE OF THE STAFF DELEGATION

As of 1 April 2022, the Labour Code has been amended to define clearly the role of staff delegations when introducing or modifying a specific telework scheme at company level.

In companies with fewer than 150 employees, the employer is required to inform and consult the staff delegation and in companies with more than 150 employees, the decision on the introduction or modification of such a scheme must be taken by mutual agreement by and between the employer and the delegation.

> ENTRY INTO FORCE OF THE CSSF CIRCULAR ON 1 JULY 2022

On 31 March 2022, the Commission de Surveillance du Secteur Financier (CSSF) updated Circular CSSF 21/769 specifically dedicated to teleworking, stipulating its entry into force on 1 July 2022.

Companies placed under the aegis of the CSSF do not require any authorization from the CSSF to implement telework. Similarly, the Circular does not deal with the contractual relations between companies and their employees, which remain governed by the Convention of 20 October 2020 on the legal regime of telework. On the other hand, through this Circular, the CSSF defines the **requirements related to organisation, internal controls and information security** with which supervised entities must comply when implementing telework solutions for their employees.

It should be noted that this Circular is intended to apply under normal working conditions and not in the context of the COVID-19 pandemic.

This Circular will be reviewed at the latest 12 months after it enters into force, i.e. before 30 June 2023, in order to remedy any abuses or other shortcomings or deficiencies.

5 END OF FAMILY LEAVE FOR COVID-19?

The bill currently before the Chamber of Deputies provides for family leave for COVID-19 to remain in force until 23 July 2022.

Renewed several times over the last two years, this measure makes one of the parents eligible for family leave under certain conditions when a child has to be quarantined or isolated or when he or she cannot attend his or her educational and care institution following a decision to close it down completely or partially.

The purpose of the current bill is to extend this provision **until 23 July 2022 inclusive**, in order to cover the end of the current school year in the Grand Duchy of Luxembourg but also in neighbouring countries.

6 CONTRIBUTION TO THE CHAMBER OF EMPLOYEES

As every year, employers will be required to pay the contribution to the Chamber of Employees. This contribution will be claimed from the employers by the statement of account sent in July by the Centre Commun de la Sécurité Sociale [Joint Social Security Centre].

This contribution, which has long been set at €31, is now **€35 per employee**. This amount was deducted from the employers' net salary during the March payroll.

It should be noted that this contribution is payable **only once for each employee**. In the case of multiple employers, the contribution for the Chamber of Employees is payable by the employer with whom the employee works the longest. In the event of equal working hours, the oldest membership determines which employer is responsible for collecting the contribution.

In May, the Joint Social Security Centre will send a statement to all employers listing the employees for whom they must pay contributions for the Chamber of Employees and the amount of the contribution. Any adjustments concerning the affiliation of these employees can therefore still be made before the invoice is sent in July.

7 LAST MILE FOR YOUR INFPC FILE

As you know, each year employers can benefit from financial aid for the training costs invested in the previous year. To do so, it is imperative to submit your INFPC file before 31 May!

Employers can benefit from **financial aid of 15% of the cost invested in training their employees in 2021**.

The main costs eligible for reimbursement are:

- ▶ The salaries of participants and in-house trainers
- ▶ The costs of external training organisations
- ▶ Travel, accommodation and catering costs relating to training

The investment in training is capped according to the size of the company:

- ▶ 20% of the payroll for companies with 1 to 9 employees
- ▶ 3% of the payroll for companies with 10 to 249 employees
- ▶ 2% of the payroll for companies with more than 249 employees

This means that for a company with 5 employees, a reimbursement of up to 15% of the 20% of your payroll invested in training is possible, or for a company with 100 employees, a reimbursement of up to 15% of the 3% of your payroll invested in training.

The aid is increased by 20% for employees trained without a diploma and with less than 10 years' seniority, or if they are over 45 years old.

In order to obtain this reimbursement, a specific file must be compiled and documented, including invoices, signed attendance lists, employee data and payroll.

This year, the usual deadline applies. An application for co-financing must therefore be submitted to the National Institute for the Development of Continuing Vocational Training (INFPC) by **31 May 2022 at the latest**.

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