



## New energy tax credit

In view of price inflation, and following the decision to postpone the indexation to April 2023, a new **Energy Tax Credit** (ETC) is applicable as of the month of July to help Luxembourg and cross-border households.

This ETC is paid directly by the employer to the employee via the salary slip and benefits both residents and cross-border commuters. Depending on the employee's gross salary, the amount can be **up to €84 per month**. Like the employee tax credit, this tax credit does not represent an additional cost for the employer since it is deducted from the withholding tax.

The ETC entered into force in July **and is applicable until the next indexation which will take place in April 2023** following its postponement decided by the government this year. This tax credit will therefore be in place for 9 months, from July 2022 to March 2023.

### Here are the concrete terms of application:

- for salaries between €936 and €44,000 gross per year, the ETC will amount to €84 per month;
- for salaries between €44,001 and €68,000 gross per year, it will amount to at least €76 per month for this income bracket, and will then be gradually reduced to 0 for salaries above €100,000 per year.

### Please note :

- By gross salary we mean the **total gross salary**, i.e. the basic salary as well as the current supplements (benefits in kind, allowance or monthly bonus, overtime, public holiday hours, Sunday hours, night hours ...). However, non-periodic and extraordinary income is to be excluded.
- Contrary to the CIS, **no pro-rata is to be made on the basis of the working time of the employee**. Thus, for a part-time employee, an employee on half-time or split parental leave,



or an employee entering or leaving during the month, only the salary actually received by the employee will be taken into account, regardless of the time worked.

*Example:* An employee works at 80% and earns a salary of €4,000. The amount of his CIE will be 82.67€ per month and not 78.67€ (amount of the CIE if we take into account his full time salary - 5.000€)

The exact figures per month are as follows (based on gross monthly salary):

Gross monthly salary (in EUR)	CIE amount (in EUR)
78	84
100	84
500	84
1,000	84
1,500	84
2,000	84
3,000	84
3,500	84
3,667	84
4,000	82.67
4,500	80.67
5,000	78.67
5,500	76.67
5,667	76
6,000	66.52
6,500	52.27
7,000	38.02
7,500	23.77
8,000	9.52
8,334	0



*The information published in this article is valid only on the date of publication of said article. As social legislation is frequently amended, please contact us concerning any question or intended use based on this article or a previously published article.*

*Pursuant to Article 2, §2 of the Act of 10 August 1991, as the Legal Department of SECUREX Luxembourg SA is not authorised to practice law, it shall limit its action at all times to disseminating information and documentation.*

*Such documentation and information thus provided under the legal subscription always constitute typical examples or summaries, are of indicative value, and lay no claim to being exhaustive. The addressee is solely responsible for the use and interpretation of the information or documentation referred to in this article, advice or acts he deduces as well as the results he obtains from them.*