



MY HR UPDATE

JANUARY 2024

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1 1 JANUARY 2024: NEW SOCIAL PARAMETERS

As is the case every year, various parameters that have a direct impact on salary calculations are adjusted on 1 January.

- **New Mutual Insurance contribution rates**

Pursuant to the Tripartite Agreement of 7 March 2023, the last salary indexation on 1 September 2023 is covered by the Luxembourgish state for the months of September to December 2023 and January 2024. The state has to that end decided **to lower the contribution rates of the 4 classes of the Employers' Mutual Insurance as of 1 January 2024.**

Class	1	2	3	4
Contribution rate 2023	0,72 %	1,22 %	1,76 %	2,84 %
Contribution rate 2024	0,01 %	0,01 %	0,42 %	1,36 %

- **New accident insurance contribution rate**

The unique accident insurance contribution rate will as of 1 January 2024 be adjusted from 0.75% to **0.70%**.

By way of reminder, a no claims bonus system has been in place since 1 January 2019, where the base rate of 0.70% for all contributors (employers and freelancers) is "individualised" by applying a specific no claims factor for each contributor, known as the "no-claims bonus factor".

This could take the following values: 0.85, 1, 1.1, 1.3 and 1.5. The base rate will then be multiplied by one of these values to determine the final contribution rate applicable to each company. The 2024 "no claims bonus" factor was communicated to employers by letter at the end of 2023.

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2 1 JANUARY 2024: NEW PARAMETERS FOR WITHHOLDING TAX

The calculation of the salary withholding tax has **since 1 January 2024** been affected by several factors: a new income tax scale, the end of the Crédit d'impôt Conjoncture (CIC) [economic tax credit], the introduction of the new CI-CO2 Tax Credit, and a reduction in the Employee Tax Credit.

New income tax scale

The Act of 22 December 2023 adjusted the income tax scale for natural persons on 1 January 2024, **with 4 index-related income brackets**. In concrete terms, this means that wage earners now benefit from a tax relief.

- 0% for the income bracket below €12,438
- 8% for the income bracket between €12,438 et €14,508
- 9% for the income bracket between €14,508 et €16,578
- 10% for the income bracket between €16,578 et €18,648
- 11% for the income bracket between €18,648 et €20,718
- 12% for the income bracket between €20,718 et €22,788
- 14% for the income bracket between €22,788 et €24,939
- 16% for the income bracket between €24,939 et €27,090
- 18% for the income bracket between €27,090 et €29,241
- 20% for the income bracket between €29,241 et €31,392
- 22% for the income bracket between €31,392 et €33,543
- 24% for the income bracket between €33,543 et €35,694
- 26% for the income bracket between €35,694 et €37,845
- 28% for the income bracket between €37,845 et €39,996
- 30% for the income bracket between €39,996 et €42,147
- 32% for the income bracket between €42,147 et €44,298
- 34% for the income bracket between €44,298 et €46,449
- 36% for the income bracket between €46,449 et €48,600
- 38% for the income bracket between €48,600 et €50,751
- 39% for the income bracket between €50,751 et €110,403
- 40% for the income bracket between €110,403 et €165,600
- 41% for the income bracket between €165,600 et €220,788
- 42% for the income bracket over €220,788

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End of the Crédit d'impôt Conjoncture (CIC) [economic tax credit]

The Crédit d'impôt Conjoncture [economic tax credit] was introduced in 2023 and applied only for tax year 2023. It is consequently **no longer granted** as of January 2024.

New tax credit CI-CO2

A new supplementary tax credit has been introduced to offset the cost of the Co2 tax for the lowest salaries. This new credit is calculated as follows:

Income	Amount of CI-Co2
Annual income between €936 and €40,000	€168 per year
Annual income between €40,001 and €79,999 euros	From 168 to €0 per year [168 - (gross salary - 40,000) x 0.0042] euros per year

Initially announced at €144 per year, the amount has ultimately been increased to €168.

Reduction of the Crédit d'Impôt pour Salariés (CIS) [Employee Tax Credit]

Whereas the Employee Tax Credit has since January 2021 been capped at €696, the maximum amount of the Employee Tax Credit will be €600 as of 2024.

The new calculation formulas are given below:

Income	Amount of CIS
Annual income between €936 and €11,265	From €0 to €300 per year [300 + (gross salary - 936) x 0.029]
Annual income between €11,266 and €40,000	€600 per year
Annual income between €40,001 and €79,999	€600 to €0 per year [600 - (gross salary - 40 000) x 0.015]

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3 INCREASE IN THE VALUE AND DIGITALISATION OF MEAL VOUCHERS

Companies have since 1 January 2024 been able to offer their employees meal vouchers worth €15. Widely available in Luxembourg and given to employees on a flat-rate basis of 18 meal vouchers per month in addition to their salary, this benefit is now even more attractive from a tax point of view!

The most salient points of the reform are set out below.

It is worth noting at the outset that employers are still **free** to decide whether to offer meal vouchers to their employees and whether to increase their value.

First of all, the new legislation provides for an **increase henceforth in the value of meal vouchers of up to €15**, in line with an effort to give employees more purchasing power, but also to offer them a meal voucher that reflects the reality of the market.

Secondly, the new scheme limits the **number of meal vouchers that can be used per day to 5**, which brings the maximum use to **€75 per day**.

Finally, meal vouchers will henceforth be **digitalised**. Employees will be issued a card that can be used like a bank card. This digitalisation of the meal voucher scheme will make it possible to reduce significantly the administrative burden on employers, in particular by eliminating the need to distribute vouchers manually. For the sake of a smooth transition to digital meal vouchers, paper meal vouchers will be **authorised until 31 December 2024**. **Digital meal vouchers will then become the norm as of 1 January 2025** and it will no longer be possible to issue meal vouchers in paper format.

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4 TELEWORKING: FINALLY 34 DAYS FOR GERMANY!

It's official! **In 2024, Belgian, French and German residents will all benefit from the same number of days for their tax tolerance threshold.** So no more getting muddled up with the different thresholds ...

Germany and Luxembourg have signed a new treaty against double taxation treaty under the terms of which German tax residents can now work for up to 34 days (compared with 19 previously) outside Luxembourg while remaining fully taxed in Luxembourg. This new agreement entered into force on 1 January 2024.

Contrary to the provisions for Belgian and French residents, the 34-day limit per calendar year applies to all German residents irrespective of whether they work full-time or part-time, or whether they work only part of the year. There is therefore no proportional reduction in the 34-day limit.

Finally, by way of reminder, the tax tolerance threshold covers teleworking, training abroad, meetings with customers, business travel, etc. In short, all days worked outside Luxembourg territory and is not limited to teleworking alone!

5 DOUBLE PUBLIC HOLIDAY OF 9 MAY 2024

Among the 11 public holidays in 2024, Ascension Day and Europe Day will both fall on 9 May, so one of them will be compensated by an extra day off.

On Wednesday, 16 January, the Chamber of Deputies passed a law that grants employees a compensatory day off in this rare but not unprecedented situation.

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A distinction will therefore have to be drawn between employees who would have worked and those who would not have worked on the day on which two statutory public holidays fall:

- **Two statutory public holidays fall on a working day on which the employee would have worked**

The employee is entitled to be paid for the number of hours that would normally have been worked on that day at the normal hourly rate, plus one day's compensatory leave for the 2nd statutory holiday, which must be granted within 3 months as of the day following the holiday in question.

- **Two statutory public holidays fall on a working day on which the employee would not have worked in any event**

The employee is entitled to one day's compensatory leave, which must be granted within 3 months of the day following the public holiday in question, plus one day's compensatory leave for the 2nd public holiday, which must be granted within 3 months of the day following the public holiday in question.

6 SOCIAL ELECTIONS 2024

Social elections will be held in the Grand Duchy of Luxembourg on 12 March 2024.

These elections are held every 5 years. On this occasion, employees elect:

- the members of the employee delegation in their company;
- and the members of the Chamber of Employees at national level.

All companies established on Luxembourgish territory with **at least 15 employees in the 12 months prior to March 2024** will be required to set up or renew their employee delegation.

Various administrative steps must be completed on the MyGuichet.lu platform throughout the electoral process. All companies concerned will by the end of January have received a letter from the Inspectorate of Labour and Mines with the access codes for these procedures. The employer will need to have a Luxtrust product to connect to MyGuichet.lu.

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7 REMEMBER TO DECLARE THE TELEWORKING INCOME OF YOUR EMPLOYEES RESIDING IN FRANCE

If your cross-border employees residing in France have worked for more than 34 days outside Luxembourg, it's time for you to make your declarations to the French tax authorities!

As you know, as of January 2023, Luxembourg employers must declare once a year to the French authorities the taxable income in France of French employees who have exceeded the fiscal threshold. This declaration must be made **before 10 February 2024**, via a PASRAU declaration (withholding tax for other income), which entails that the Luxembourgish employer must have obtained a SIRET number (an INSEE code which allows the geographic identification of any French establishment or business) in France **beforehand** (a minimum of 3 weeks delay).

This annual declaration applies only to employees who remain subject to Luxembourgish social security. For their part, French residents are responsible for paying the income tax relating to telework. They must to that end go through the necessary procedures directly online on their personal space on the Direction Générale des Finances Publiques (DGFIP) [treasury department of the French state] website to set up monthly instalment payments.

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