

ANALIE

AMCHAM & BCC Personal Tax Lunch

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13th November 2024

THE AGENDA

1

RECAP

New government aims

2

TAX CHANGES : 2024 & 2025

What changed this year and what's coming next

3

2024 ACTIONS

What can you do now to optimise your 2024 tax position

4

UK & US UPDATES

New governments bring tax changes...



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RECAP

GOVERNMENT PROPOSALS



MORE PURCHASING POWER

- Less taxes.
- Inflation adjustment of the tax table in several steps.
- Broadening of tax brackets.
- Higher tax allowances for families with children.
- Increase of the tax entry amount - also for single parents.
- Extension of the transition period from tax class 2 to tax class 1a to 6 years.
- No inheritance tax and no wealth tax.



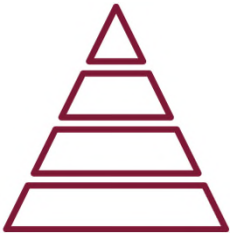
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TAX CHANGES

PERSONAL INCOME TAX

TAX BRACKETS



- Increased 4 brackets in 2024
- Increasing 2.5 brackets in 2025
- Class 1A moving closer to Class 2

LOW INCOMES



- Non-qualified minimum wage to be tax exempt
- Class 1A moving closer to Class 2
- CO₂ credit increasing (*)

(*) phased out from €40,000 to €80,000

PERSONAL INCOME TAX

FAMILIES



- Increase to single parent tax credit (*)
- Increase deduction for supporting children outside household

YOUNGER WORKERS



- Bonus up to €2,500 to €5,000 tax-exempt
- Under 30, for first 5 years of first employment
- Rental allowance up to €1,000 per month : 25% tax-exempt

(*) phased out from €60,000 to €100,000

EMPLOYER BENEFITS



PRIME PARTICIPATIVE

- Bonus “pot” increased from 5% to 7.5% of profit
- Allowable bonus increased from 25% to 30% of salary

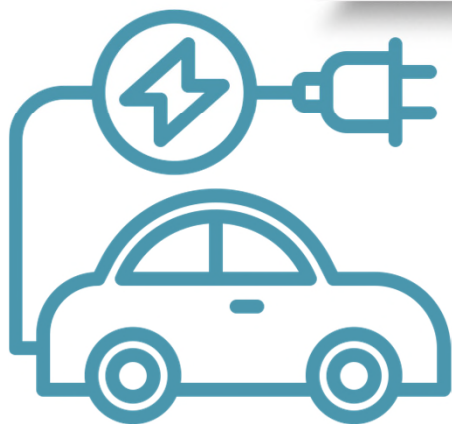
IMPATRIATE REGIME



- Simplified regime
- Existing beneficiaries of old regime can elect to change
- 50% tax exemption on first €400,000 of gross annual remuneration

COMPANY CARS

CO2 Emission Category	Non-diesel Internal Combustion Engine (ICE)		Diesel Internal Combustion Engine (ICE)		Fully Electric	
	From 2025	From 2023	From 2025	From 2023	From 2025	From 2023
> 0g – 50g/km	2%	0.8%	2%	1.0%	1.0% If > 18kWh/100 km: 1.2%	0.5% If > 18kWh/100 km: 0.6%
> 50g – 80g/km		1.0%		1.2%		
> 80g – 110g/km		1.2%		1.4%		
> 110g – 130g/km		1.5%		1.6%		
> 130g/km		1.8%		1.8%		



The percentage to determine the BIK value of the company car is calculated on the purchase price when new, inclusive of VAT.

CROSS-BORDER TAX UPDATES

Belgium

France

Germany

34 days

€700 overtime tax credit (*)

Simplified system to pay tax on cross-border taxable income

Simplified payroll regime for German employees resident in Luxembourg

TAKE CARE : Exceeding days = potential tax, social security & payroll obligations

(*) min €1,200 overtime income

REAL ESTATE – MAIN HOME



Mortgage interest

- Unlimited deduction (TBC)
- Increased limits (2024)



Purchase taxes

- Increased credits (2024)
- Reduction in taxable base (10/24 – 6/25)



Capital Gains Tax

- Exempt if conditions met



State benefits

- Increased State renovation credits

REAL ESTATE - RENTALS



Social housing

- Tax-exempt gain on sales to State
- Partial tax exemption on rental income



Purchase taxes

- Temporary credit
- Reduction in taxable base (10/24 – 6/25)



Capital Gains Tax

- Reduced rate if sold by 31 December 2024
- Short term gains holding period increased to 5 years
- Potential to “rollover” gain



Depreciation

- 6% for VEFA signed in 2024

An aerial photograph of a forest in winter. The trees are mostly without leaves, showing their intricate branch structures. The ground is covered in a layer of reddish-brown pine needles or leaves. The overall scene is somewhat desaturated, with a focus on the textures of the trees and the ground.

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2024 ACTIONS

2024 – 6 weeks to go

**1**

File your 2023 tax return

- Deadline 31 December 2024

**3**

Company car lease

- Consider 2025 changes

**2**

Optimise deductions

- Review 2024 deductions

**4**

Property purchase/sale

- Take advantage of 2024 special rates

COMMON DEDUCTIONS / CREDITS

Deductions/Credits	2025	2024
Mortgage interest *	Up to €2,000 -€4,000	Up to €2,000 -€4,000
Debit Interest * Insurance *	€672	€672
Personal Pension	€3,200	€3,200
Home Savings Scheme *	€672 - €1,344 **	€672 - €1,344 **
Childcare & Housekeeping	€450/month	€450/month
Support for children outside household	€5,424/child	€4,422/child
Single parent tax credit	Up to €3,504	Up to €2,505
Alimony	Up to €24,000	Up to €24,000
Self-employed pension	Up to 20% of net SE Income	Up to 20% of net SE Income



* Limits apply per member of household

** Conditions/restrictions apply

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UK & US Updates

UK TAXES

New tax treaty

- In force 1 January 2024 (Lux) / 6 April 2024 (UK)
- Changes to various articles including dividends, government workers, capital gains, employment, pension.

Recent budget

- “Non-dom” regime abolished
- Changes to Capital Gains, NIC, IHT..

US TAXES

An end to Federal income tax??

“Now we have income taxes, and we have people that are dying. They’re paying tax, and they don’t have the money to pay the tax.” : Donald J. Trump

Foreign specific reporting

- Complex
- Potentially high penalties
- > 10% ownership of foreign entity, mutual funds, gifts, inheritance, trusts, etc.



FUN FACT

“Luxembourg tax assessments are only issued on Wednesdays!”



Source : Prepose Adjoint

THANK YOU!

GET IN TOUCH

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