

# SUSTAINABLE TALENT

## THE LUXEMBOURG OF SUSTAINABLE TALENTS

### ELECTIONS 2023

#### OUR PROPOSAL FOR TAX MEASURES



UNION DES ENTREPRISES  
LUXEMBOURGEOISES

The purpose of this brochure is to present the tax measures proposed by UEL in order to ensure the economic attractiveness of Luxembourg on a local and international scale, taking into account the main challenges faced by Luxembourg companies. These tax measures are proposed in the context of the legislative elections of October 2023.

# The challenges facing Luxembourg companies

1

FACING THE CHALLENGES  
OF THE GREEN AND DIGITAL  
TRANSITION



2

ADDRESSING LABOUR  
SHORTAGES



3

HAVING A PREDICTABLE  
AND EASY TO APPLY TAX  
FRAMEWORK



4

STAYING COMPETITIVE IN  
A GLOBALISED ECONOMY



## Taxation: a powerful economic driver to develop sustainable talents

Adapting **tax** policy in the short and medium term is a major lever to support a prosperous and inclusive economy, and thus **sustainable talents**.

Economic growth depends on maintaining our tax revenues, based on the country's **competitiveness** for all economic actors.

An ambitious tax reform is key to support sustainable talents, i.e. Luxembourg companies and their employees. It must be based on the following four pillars: **individual talents**, **collective talents**, **SMEs/start-ups** and **legal certainty**.

# Our 12 measures in tax matters



## INDIVIDUAL TALENTS

1. Improve the attractiveness of Luxembourg towards talents (i.e., employees and self-employed) by continuing to develop the tax regimes applicable to certain elements of the remuneration package, such as the profit participation scheme and impatriate tax regime, as well as the tax regime relating to occupational **pension** scheme.
2. Introduce a tax-free premium to improve the access to **housing** and facilitate a sustainable **mobility** for young workers.
3. Bilaterally renegotiate tax (and social security) rules on cross-border workers performing **telework** to introduce a 'safe harbour' of two days per week of teleworking for employees and their companies.



## SMES/START-UPS

7. Introduce a tax benefit for individuals investing in cash in a **SME/start-up** (e.g., tax shelter) to develop entrepreneurship in Luxembourg.
8. Introduce an employee share purchase scheme adapted to the needs and operating mode of this kind of company in order to enable them to attract and retain talents in a sustainable manner.
9. Allow losses related to cash investments made by individuals in an SME/start-up to be set off against positive income in other income categories and, where appropriate, allow them to be carried forward for 17 subsequent tax years.



## COLLECTIVE TALENTS

4. Introduce a corporate tax incentive to support investments in (i) the digital transition and the **green transition** (in line with the Tripartite agreement of September 2022), as well as (ii) R&D.
5. Safeguard the **international competitiveness** by (i) reducing the overall corporate tax rate to the international average (20%) and (ii) reducing the net wealth tax rate and changing its scope.
6. Extend the **withholding tax** exemption on dividends.



## LEGAL CERTAINTY

10. Strengthen **legal certainty** and administrative simplification by modernising tax legislation.
11. Accelerate the digitalisation of the tax authorities, notably to facilitate its interactions with taxpayers.
12. Improve the dialogue between tax authorities and taxpayers by setting up, for example, a single tax contact to deal with the growing complexity of tax rules, particularly in an international context.

**Taxation, one of the drivers to support a dynamic  
and sustainable ecosystem for all**

# IN LUXEMBOURG, LET'S MAKE IT HAPPEN, WITH SUSTAINABLE TALENT!



UNION DES ENTREPRISES  
LUXEMBOURGEOISES

[www.uel.lu](http://www.uel.lu)

## OUR MEMBERS.

