



# Luxembourg tax measures for 2018

## Parliament approves budget law

KPMG Luxembourg Tax Alert 2017



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On 14 December 2017, the Luxembourg parliament passed the budget law for 2018. A request to dispense with the second vote has been filed with the State Council.

Nearly all measures have been passed as described in our Tax Alert 2017-20 of 16 October 2017. Three measures were amended during the legislative process, however, with the final information being:

- To further increase the supply of building land and housing, the **favourable tax regime for certain real estate capital gains** will be extended by one year. Capital gains arising from the disposal of real estate will be taxable at  $\frac{1}{4}$  of the taxpayer's overall effective tax rate, if the sale occurs (or occurred) between 1 July 2016 and 31 December 2018. This favourable regime applies to capital gains on sales of real estate that (i) is a secondary home or property (i.e. not the taxpayer's main residence) and (ii) has been held by the taxpayer for more than two years.
- The proposed amendment of the **Luxembourg law regarding the process for the exchange of information upon request** has been removed from the budget bill and will be dealt with in a new, separate draft law. The State Council argued that the budget bill went beyond the requirements set by the Court of Justice of the European Union in the judgement on the Berlioz case (see our Tax Alert 2017-07). We will keep you informed once this new draft law is available.
- Additionally, as communicated in our Tax Alert 2017-21, the **taxation of stock option plans** has been modified by a new circular of the tax authorities issued on 29 November 2017.

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