



Luxembourg profile

2022 Edition



Introduction to Luxembourg

A tiny country full of surprises

With a population of nearly 642,687 people, Luxembourg can't help but be an underdog in most categories. And yet, it's the second-largest investment fund center in the world (after the US) and boasts one of Europe's liveliest fintech scenes. It's third worldwide on the index of growth promise indicators according to a KPMG Global study and is the most productive country in the world according to Expert Market.

None of this is accidental: Luxembourg's government proactively updates its legal and regulatory frameworks to stay competitive, reliable and forward-looking. This reputation, together with a tradition of openness, has attracted banks, insurance providers, fund promoters, service providers and innovative tech companies from all over the world.

Luxembourg's capital is a beautiful medieval city overlooking the Ayllette and Petrusse valleys, while the rest of the country boasts idyllic landscapes dotted with towns and villages. The city's modest size is convenient for many businesses: the airport is only a few minutes away; the public transport network isn't just good, but also free nationwide since 1 March 2020; and the two huge marketplaces of France and Germany lie just across the border. Multilingualism is the norm not the exception and the country is very foreigner-friendly, with nearly half (47.5%) of the country's population being non-Luxembourgish as of 2019. The country's history, culture and high standards tend to charm newcomers and these are only a few of its many attractive features.

Quality of life

Luxembourg is synonymous with high-quality living. Innumerable international surveys, including the prestigious Mercer Quality of Living Survey, regularly crown Luxembourg as a pleasant place to live. Wages and salaries are high and a rich cultural life is on offer.

Several studies highlight Luxembourg's attractiveness. Luxembourg City ranks 3rd most attractive city in the 2021 Global 150 Cities Index, which identifies cities worldwide that have the ideal combination of high salaries, low taxes, reasonable costs and good quality of life.

The Grand Duchy's inhabitants feel happy — as a recent Eurostat survey concluded. And if that wasn't enough, Luxembourg enjoys a high life expectancy, the ultimate proof of a good quality of life. So, the verdict is — it's good to live in Luxembourg!



Total population

634,730



Capital's population

124,500



Foreign nationals

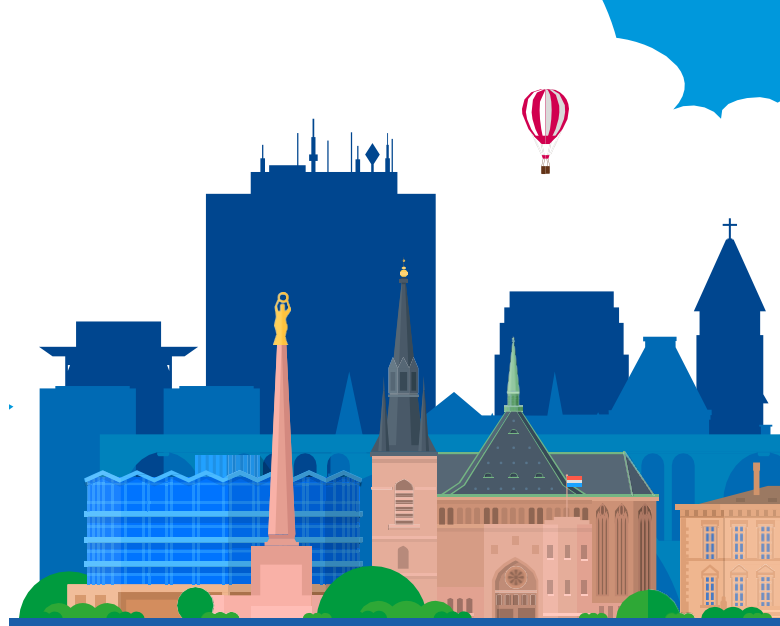
295,472



Official languages

Luxembourgish,
French, German

Renting in Luxembourg



Key facts and trends

Rental housing market overview

Rental market in Luxembourg City

- Should you rent or buy a house in Luxembourg?
The answer depends on how long you intend to stay in Luxembourg. If you stay in the country for a short time – less than 5 years – renting is the best option. It is not coincidence that around half of foreigners rent accommodation in Luxembourg.
- Luxembourg suffers from a significant housing shortage due to various factors including rising prices, a lack of new housing and population growth through immigration.
- The country's size makes cross-border commuting relatively easy, and many people decide to live in neighboring countries — Belgium, France or Germany — to avoid high rents.
- Flat-sharing continues to grow in popularity in Luxembourg, in response to new residents and financial imperatives for young professionals.

Future trends

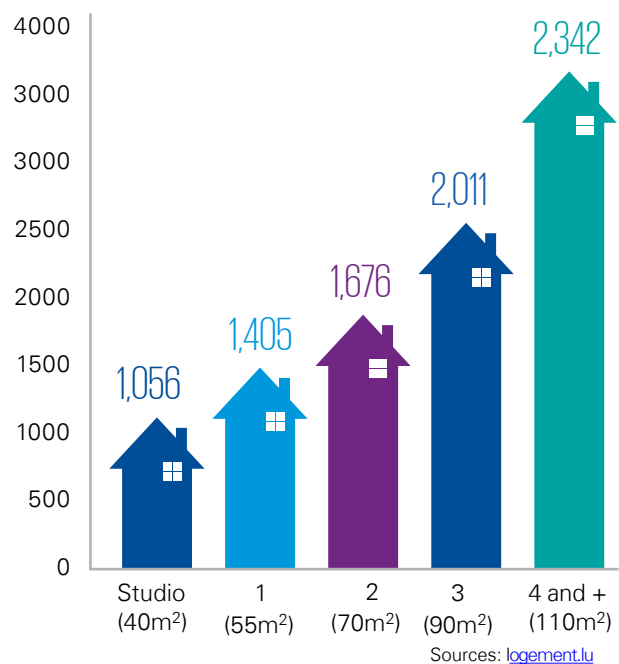
Rental prices have been soaring for years and are expected to continue until the housing supply increases. In response, the government has taken steps to increase the amount of subsidized rental housing.

According to STATEC, Luxembourg will need between 243,000 and 324,000 new single-family apartments before 2060.

The Housing Ministry's 2022 budget has grown from €230.6 million to €267.54 million.

Average monthly rent (apartments) by size in Luxembourg Ville

March 2022



Flat and house rental

Most expensive

- 📍 Pfaffenthal
- 📍 Grund
- 📍 Kirchberg
- 📍 Limpertsberg
- 📍 Centreville

Most Accessible

- 📍 Kohlenberg
- 📍 Rollingergrund
- 📍 Bonnevoie
- 📍 Beggen

Sources: [athome](https://athome.lu), public.lu, ING.lu, [Budget](https://Budget.lu)



Renting facts

- Demand is high in Luxembourg City.
- Rental properties are typically unfurnished, though sometimes tenants sell their appliances and fixtures before moving. Furnished properties can be rented, though they cost more. Rental contracts for unfurnished spaces usually last for three years (or six to 12 months for a studio) and are renewable every year thereafter. There is a three-month notice period that can be shortened if you must leave for professional reasons.
- Standard requirements can often apply like guarantors, references, agency fees usually equivalent to two to three months' rent, one to three months' deposit and sometimes a security deposit that cannot exceed the equivalent of three months' rent.
- Rental charges are usually included in the rent price and are adjusted once a year. The tenant pays related building/housing services expenses, e.g. tax on household waste, electricity for the common areas or building maintenance.
- Rental insurance is mandatory.
- By law, the landlord must provide you with a copy of the rented property's "energy passport."
- Owners often eschew "for rent" or "for sale" signs and estate agencies are often closed on weekends. However, newcomers can tap into Luxembourg's numerous expatriate forums and Facebook groups for support in their accommodation search.

Where to live in Luxembourg City

Popular areas include:

Belair – Beautiful and expensive; conveniently located close to the city center.

Beggen – Attractive and affordable; located behind the business neighborhood of Kirchberg.

Bonnevoie – Exciting, "up-and-coming" vibe; conveniently located behind the train station; affordable.

Hollerich – Northern half: attractive and moderately expensive; located close to the city center — southern half (especially towards the east) is less attractive.

Limpertsberg – Charming and expensive; conveniently located between the city center and the business neighborhood of Kirchberg.

Gasperich – Rapidly growing new district with many apartment buildings under construction; boasts the largest shopping center in Luxembourg and the new French school Vauban; located beside the Cloche d'Or business neighborhood and close to highways.

Luxembourg city



Buying in Luxembourg



Apartments vs houses

Apartments in Luxembourg City are more expensive than houses per square meter.



Apartment

€ 11.657/m²



House

€ 8.971/m²

Utilities

Renters and buyers both face additional expenses:

Average heating, electricity and gas costs



- 45m² flat for one person: €208 per month.
- 85m² flat for two people: €199 per month.

Average TV and internet costs



- Smartphone (10GB): €43,22 per month.
- Internet and telephone (100mbps): €62,86 per month.
- Internet, telephone and TV: €81.03(100mbps) to 106,22(1gbps) per month.

According to the Director of the Luxembourg Regulatory Institute (ILRI), Luxembourg offers a large fiber network with coverage to more than 72% of the country with plans for further expansion, and it boasts the best network speed of its surrounding countries.

Key facts and trends

Housing market overview

- Despite high house prices, around 75% of people living in Luxembourg own rather than rent. Because the cost of renting is higher than the cost of current market interest rates, being an owner-occupier is more advantageous than being a tenant.
- Unlike some of its border countries, property tax in Luxembourg is very low.
- The real estate market is very hot in Luxembourg, with properties selling fast.
- Mortgage terms generally run to a maximum of 25 years, and some deals are only available for shorter periods.
- Taxpayers may deduct certain expenses from their taxable income. These expenses include contributions paid under a home purchase savings plan which are tax deductible under certain conditions.
- Because of Luxembourg's small size, cross-border commuting is relatively easy: many people live in Belgium, France or Germany to avoid high house prices.

Buying facts

- There are no special restrictions for foreign buyers.
- A written sales agreement is not mandatory in Luxembourg but is recommended.
- By law, the seller must give you a copy of the property's "energy passport."
- Buyers are legally required to use a notary; fees are around 1% of the property's value and are fixed by law.
- A deposit of around 20-25% is normally needed to qualify for a mortgage.
- Additional property taxes can apply, including a registration tax of 6% of the property's value and a 1% transcript tax. However, these charges only apply if you exceed the tax-free allowance of €20,000 for a single person or €40,000 for a married couple.
- Before giving you a mortgage, the bank will require life insurance that covers the loan's outstanding balance in the event of death.

- The legally binding sale agreement must be registered with the Administration of Registration within three months of signing.
- Applying for mortgage loans in Luxembourg for properties in Belgium, France and Germany has become more common, provided you work in Luxembourg.

Future trends

Luxembourg's house prices are likely to keep increasing, partly due to:

- The tax exemptions linked to rental investments
- Demand remains very high

Key areas

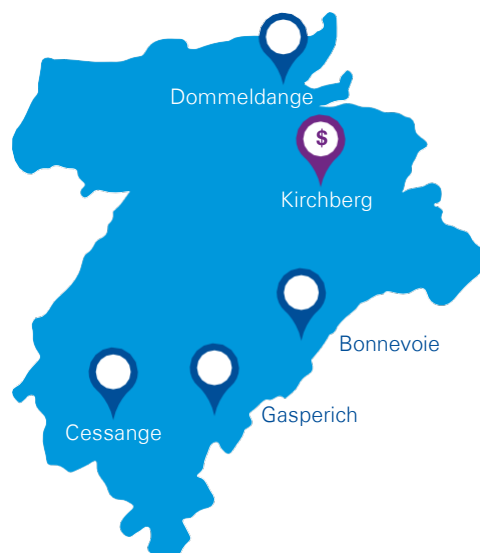
Bonnevoie – Exciting, "up-and-coming" vibe; conveniently located behind the train station; affordable.

Cessange – Residential & more affordable; located close to the Cloche D'Or business district and a little further from the city center.

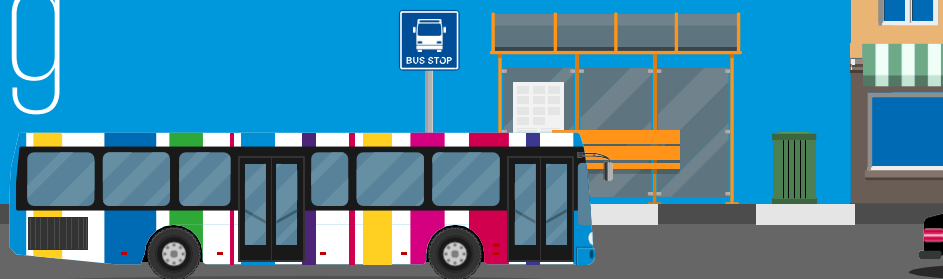
Dommeldange – Affordable; conveniently located behind the business neighborhood of Kirchberg.

Gasperich – Booming area with lots of investment; conveniently located close to the city center and the Cloche D'Or business neighborhood.

Luxembourg city



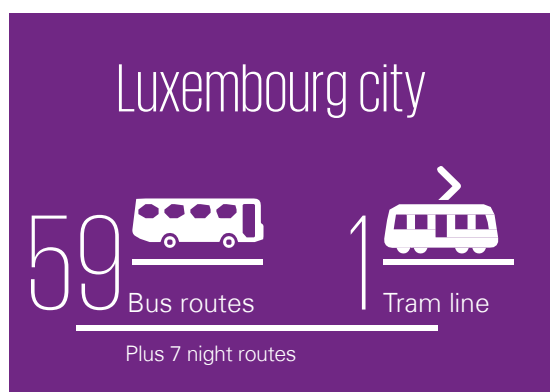
Getting around Luxembourg



Transport and infrastructure

Public transport in Luxembourg City is ever-evolving, with a brand-new tramway joining its extensive bus, train, bike and taxi network.

Traveling within the city is convenient and connections with neighboring regions are robust. However, venturing further afield usually requires a car. More than 50% of commuters drive to work, which the government hopes to slash by offering free national public transport since March 2020. While Covid-19 managed to stall this ambition, Luxembourg expects the use of public transports to rise sharply, as the pandemic loses momentum.



Tram Station map: [Here](#)



Bus

The bus network is divided into three major sub-networks: the AVL operates close to 60 routes within Luxembourg City; the RGTR operates across the country; and the TICE covers nine municipalities in the country's southwest. The number of inter-municipal bus routes is increasing too.

For night owls, seven night-bus routes run on Fridays and weekends until 3:30am.

On 29 October 2021, just a few days before the opening of COP26 in Glasgow, the Government Council adopted the National Long-term Climate Action Strategy. This strategy will serve as a basis for other sectoral strategies and roadmaps aiming at the gradual decarbonization of way of life and the transition to climate neutrality for Luxembourg by 2050 at the latest.



Tramway

Public transport is a fast, clean and free way of getting about in Luxembourg. Yes, you heard it right — it's free! Since 2020, all public transport modes (i.e. buses, trains and the tram) are free of charge all over Luxembourg's territory. And with a network that constantly adapts to the passengers' needs, this transportation mode is increasingly popular, among residents and visitors alike.



Cross-border workers

Every day, over 210,000 commuters from Belgium, France and Germany travel to the Grand Duchy. Many cross-border bus routes, rail links and park-and-ride facilities are maintained to accommodate them.



Biking

Luxembourg City's bike share scheme, *vel'OH!*, boasts over 100 docking stations and nearly 850 bikes. Since 2018, the entire fleet of *vel'OH* bikes is 100% electric.

The country-wide network of cycle paths spans 600km, with plans to expand it to 950km.



Taxis and rideshares

Taxis are widely available in Luxembourg City, and its electric-car-sharing program *Carloh* is growing. Luxembourg's national carpooling platform, *CoPilote*, now offers the mobile app of Luxembourg's carpool community *Klaxit* to connect drivers and passengers offering drivers fewer detours and passengers more flexibility with their schedules.



Traffic

Luxembourg City suffers from traffic congestion, especially during rush hour when up to 40 minutes can be added to commute times. The government expects the new tramline and its free public transport initiative to improve this issue.



Information

The *mobilitet.lu* app offers real-time information on public transport. All tram stops and many bus stops include signs with real-time updates as well.



Public transport fares

Since 1 March 2020, public transport is free of charge country-wide (CFL, Luxtram, AVL, RGTR and TICE). Luxembourg is the first country in the world to offer free public transport nationally.



Cross-border transport fares

Cross-border transportation is split into **RegioZone 2** (linking Luxembourg to the Saarland) and **RegioZone 1** (all other cross-border traffic). Since March 2020, costs have been slashed.

A 2-hour ticket **RegioZone** is valid for unlimited journeys for 2 hours after its validation on cross-border **RegioZone** bus lines. It is not valid on international train journeys. Bus users from **RegioZone 1** pay €3, while **RegioZone 2** travel costs €5.

A monthly subscription in zone 1 costs €40, down from €85, while in zone 2, monthly subscriptions cost €85 instead of €135. An annual pass costs €360 in zone 1 instead of €750, and €750 in zone 2 instead of €1,190.



International travel

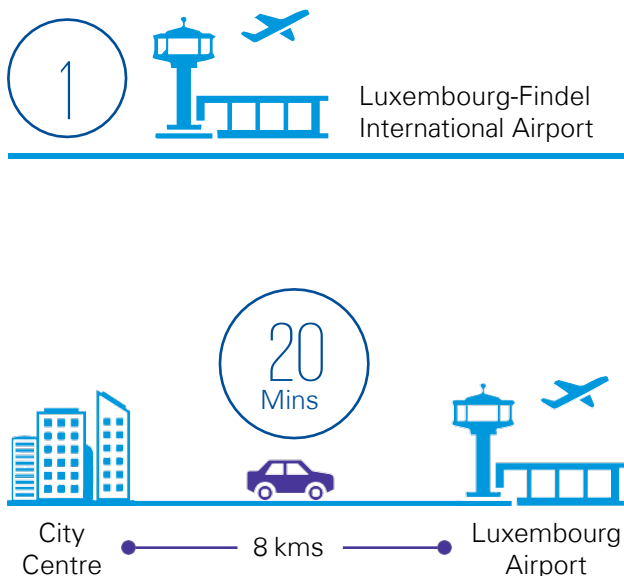
Train connections

Nestled in the heart of Western Europe, Luxembourg is conveniently located for rail travel, with trains to Paris (two hours), Frankfurt (three and a half hours) and Brussels (three hours).

Air travel

Luxembourg airport

The Luxembourg-Findel International Airport has 15 airlines flying to 104 locations in 22 countries. It came seventh in the 2019 Skytrax World Airport Awards for the best airport under 5 million passengers, and is the sixth-largest cargo hub in Europe. According to a 2019 study, Luxembourg airport was the fastest in the world between disembarkation and departure, with an average time of 15.5 minutes.



Sources: [Luxairport.lu](https://luxairport.lu), [Luxair.lu](https://luxair.lu), [Airmundo](https://airmundo.com)

Nearby airports

There are convenient shuttle and bus transport links from Luxembourg to Frankfurt-Hahn airport (113km away) and to Brussels South Charleroi Airport (189km away), while Lorraine airport is a handy 90km away.

Weekly flight connectivity

In order to meet the strong demand of its passengers interested in the connection between Luxembourg and London, Luxair is increasing presence in London City – with 5 daily rotations from 1 March 2022.



Education in Luxembourg city



Luxembourg has an excellent system of state-funded public schools, as well as fee-paying private and international schools. It also boasts many institutes, tertiary programs and an internationally-competitive university.

Schools

Luxembourg offers a broad choice of state, international and privately-run schools. School is compulsory from ages four to 16.

Most young people are enrolled in free public schools, which are generally multilingual melting pots of Luxembourgish, French, German and other European languages. Some private and international schools offer an education similar to the public system, while others differ in language(s) spoken or teaching methodology — but only the public schools are free of charge.

In public schools, most pupils speak Luxembourgish amongst themselves; however, German is the usual language of instruction in primary school and early secondary school, before switching to French for the final years. Some public schools have recently introduced English streams as well.

The following organizations offer more information on the education of foreign children:

- The Department of Schooling for Foreign Children (*Service de la scolarisation des enfants étrangers*)
- CASNA
- Intercultural mediators

State school system in Luxembourg

Education type	School type	Age	Notes
Primary	Fundamental school (Cycle one)	3	— Optional pre-school-equivalent year (age three) — Mandatory (ages four to six)
Primary	Fundamental school (Cycles two to four)	6	— Three cycles of two years each
Classical secondary education (ESC)	Lycée classique (classical secondary school)	12	— Last seven years — Prepares students for university and higher education.
General secondary education (ESG)	Lycée technique (technical secondary school)	12	— Last six to eight years — Prepares students for working life



Travelling to school

Pupils can use either Luxembourg's school bus network or its fare-free public transport system. Around one-third of parents drive their children to school.



International and private schools

International schools cost around €8,000–€15,000 per year, although three free options have opened in Junglinster, Mondorf and Clervaux since the 2018–2019 school year. Well-regarded and established institutions include:

1. International School of Luxembourg – ISL (English-speaking)
2. St George's International School Luxembourg (English-speaking)
3. European School of Luxembourg
4. Ecole et Lycée français de Luxembourg (French)
5. Over the Rainbow International School
6. École Internationale de Differdange (English, French, and German streams)



Availability

Waiting lists for both private and international schools can be long, so the earlier you apply, the better.



Back-to-school allowance

Every August, a back-to-school allowance is paid as a lump sum to

eligible parents whose children are at least six years old and haven't yet finished secondary school:

- €115 for each child aged 6 to 12.
- €235 for each child aged over 12.

Children admitted to the second cycle of basic education (formerly known as the first year of primary) and who are not yet six years old at the beginning of the school year can receive the back-to-school allowance on presentation of a school certificate.

The allowance finishes and is no longer paid out in the calendar year that their secondary education or equivalent is completed.



University of Luxembourg

The University of Luxembourg is ranked among 251-300 in World University Rankings by Times Higher Education and has an overall score of 4.0 stars, according to student reviews on Studyportals. Located in Belval, near the country's second city of Esch-sur-Alzette, welcomed 1,000 students on 2021 from many different nationalities. It offers students three research and interdisciplinary centers, and three faculties:

- The Faculty of Science, Technology and Communication (FSTC)
- The Faculty of Law, Economics and Finance (FDEF)
- The Faculty of Language and Literature, Humanities, Arts and Education (FLSHASE)

The university offers 18 bachelor degree programs and 49 master degrees, as well as 16 vocational training and lifelong learning courses and four doctoral schools.

Finding childcare in Luxembourg

In Luxembourg, you are entitled to 20 weeks' maternity leave — eight weeks before the estimated delivery date and 12 weeks after delivery — and four to six months' parental leave. Under certain circumstances, you can take part-time parental leave instead for longer. Fathers are entitled to up to 10 days' paternity leave.





Day care (crèches)

- From three months to four years of age, before compulsory schooling starts, a child can be placed in a crèche or daycare center. These can be run by the local government, semi-privately or privately.
- Public crèches are open from 7:30am to 6:30pm; children who are ill should not attend.
- There is a wide range of educational styles and concepts on offer, including organic-approach crèches, company crèches, multilingual crèches and woodland crèches (Bëschcrèche), amongst others.
- There are no night-time crèches in the Grand Duchy as per law.
- In response to Luxembourg's high demand for childcare, companies in the daycare sector can offer mini-crèche services by request since 7 January 2019. Each mini-crèche can look after a maximum of 11 children up to 12 years of age, with a maximum of four children aged one or under.



Day nurseries

- Day nurseries cater for children aged two months to 8 years for up to 16 hours per week. Like crèches, they can be run by local government, semi-privately or privately.
- A multilingual education program for one to four-year-old children was recently introduced.



Day centers

- Day centers care for pupils aged four to 12 before and after school. They also offer activity days during school holidays.



“Maison relais” for children

Offering more flexibility than crèches and day nurseries, maison relais look after children aged three to 12 (and in some cases, up to 18). They are open from 7am to 7pm and offer childminding, meals, activities and homework help.



“Au pair” placement

Au pairs live at home with a family, minding children and helping with chores for around five hours per day. Legally, au pairs in Luxembourg must:

- Hold a valid passport.
- Be at least 18 and under 30.
- Have a certificate providing them access to higher education in their country of origin, or provide proof they have attended school until at least the age of 17.
- Sign an au pair hosting agreement with an approved host family.
- Not carry out any salaried or freelance work during their time as an au pair.



Parental assistants/childminders

Parental assistants are licensed to look after children aged 12 and under during the day and/or at night in their own homes. They provide this service on a self-employed basis.

Professional childminders may not look after more than five children at the same time, and no more than two children under the age of two. This includes the childminder's own children.



Child benefit

The amount of the family allowance is set at €271.66 (according to the index value currently in force) per child per month. This amount increases by:

- €20.53 for each child from the month in which they turn 6.
- €51.25 for each child from the month in which they turn 12.



Child service vouchers

The Chèque Services Accueil (CSA) — the state's contribution towards childcare costs for children up to 12 — is paid directly to approved care providers. It is based on the family's income, number of children and childcare hours required. Cross-border workers can also benefit from the CSA system.

Local leisure and cultural attractions



Luxembourg punches far above its weight class in terms of art, food and leisure.

Luxembourg city

500+ 
Bars

712+ 
Restaurants

Average prices

Lunch

Average
meal cost

€15

Mid-range
restaurant cost:

€49

Average meal out for
two in a neighborhood
pub:

€46

Sources: <http://www.visitluxembourg.com/en>



Restaurants and nightlife

- Luxembourg's range of authentic cuisines mirrors the diversity of its residents; alongside traditional Luxembourgish restaurants, you can find Japanese, Italian, Greek, Portuguese and more.
- High-end diners will appreciate Luxembourg's nine Michelin-starred restaurants, the highest concentration per capita in the world.
- Famous local dishes include *Judd mat Gaardebounen* (smoked and salted pork with broad beans and potatoes in a creamy sauce) and *Gromperekichelcher* (potato pancakes).
- There are plenty of bars, pubs and nightclubs to choose from in Luxembourg. Enjoy DJs, bands, open mic nights, pub quizzes and loads more. And, you'll find no shortage "afterworks."



Green spaces

Around 25% of Luxembourg City is green space, making it Europe's eighth greenest city according to a Compare the Market study. Whether you're a commuter, dog walker, keen jogger or a family with children, the city's numerous parks and gardens have something for everyone.



Sports and films

Luxembourg has a lot to offer for sports lovers: football, tennis, cycling and ice-skating are popular activities, and there are 38 swimming pools, six golf courses, four rugby clubs and several major gyms.

Luxembourg City alone offers 160 different sport and fitness courses for people of all ages.

Going to the cinema is also popular in Luxembourg. Most films are shown in their original language with subtitles in French, German, Dutch or English.



Attractions

Families with children will enjoy the country's many playgrounds and adventure parks, as well as "Le parc merveilleux," a theme park and zoo in Bettembourg.



Luxembourg City boasts many historical walks and tours, including the Bock Casemates, a network of defensive tunnels dug into the rock of the city's fortifications — the longest of such in the world. You can also tour the Grand-Ducal palace in the summer months.

Shopping

Luxembourg City's main shopping can be found in the upper city, known as Ville Haute, or near the train station, known as the Gare. There are also several large shopping centers in the outer parts of the city, including the Belle Etoile and the City Concord in Bertrange and Auchan in Kirchberg. The new Cloche d'Or shopping center in the booming Gasperich district boasts 130 stores, a hypermarket and a food hall offering 15 restaurants. And the nearest IKEA is just across the Belgian border.

Most shops in Luxembourg City are closed on Sundays, except for special occasions such as the Christmas period or sales. For the rest of the week, shops generally close at 6pm on weekdays and 7pm on Saturdays, with occasional holiday exceptions. For the rest of the week, they generally close at 6pm on weekdays and 7pm on Saturdays.

60+

Museums in
Luxembourg

11

Museums in
Luxembourg city

Big events

Luxembourg's National Day on 23 June celebrates the birthday of His Royal Highness the Grand Duke — however, the main celebrations take place the evening before with parties, live music, fireworks and dancing in the streets.

The Schueberfouer, Luxembourg's biggest funfair, arrives every year for three weeks in August and September in the Glacis (near the city center). The fair is a cultural institution, having been held every year since 1340.

The Grande Braderie takes place in Luxembourg City on the first Monday of September. The streets are closed to traffic and are lined with stalls offering food, games and goods at reduced prices.

In December, the city's Christmas markets feature over a hundred wooden chalets selling handicrafts, clothes, toys and delicious culinary treats — from traditional Gromperekichelcher and Glûweïn to more exotic flavors from far-flung destinations.

The annual Luxembourg Marathon offers so much more than its name suggests: you can take part in half, mini and team runs, or just enjoy the food stands and parties that attract a huge influx of visitors and supporters.



Museums

For its modest size, the capital has an impressive concentration of museums spanning both history and art. The seven main ones, whose locations form a smile on the map, are Villa Vauban, Casino Luxembourg, Lëtzebuerg City Museum, Musée National d'Histoire et d'Art, Natur Musée, Draï Eechelen and MUDAM.

The Luxembourg Card provides access to more than 60 museums and attractions throughout the country. An individual card costs €13 per day and a family card for two to five people costs €28 per day.

Special events are organized annually, such as *The Night of the Museums* — an evening when all museums open free of charge, and *L'invitation aux musées* — an open-door weekend.



Music venues

The Philharmonie is home to the Orchestre Philharmonique Luxembourg and regularly hosts many other orchestras, ensembles, solo musicians, plays, movie screenings with live soundtracks and more.

The Rockhal is Luxembourg's biggest concert venue, with its main hall welcoming up to 6,500 music lovers. It features bands and artists of many different genres and hosts other acts such as stand-up comedians.

Den Atelier has been a live music institution since 1995, offering intimate gigs from a diversity of genres.

The Rotondes is a one-of-a-kind venue made of two converted railway roundhouses. The cultural center hosts musicians and visual art exhibitions, as well as conferences and workshops.



Religion and culture

Luxembourg City is a highly diverse and international center of free thought.

The country's predominant religion is and has traditionally been Catholicism. The main religious building in the city is the Cathedral of Notre-Dame de Luxembourg. As of 2017, religion is no longer taught in public schools.

Many other religions are prevalent as well, including Protestant or Anglican churches, Judaism and Islam. However, as the law prohibits questions about religion in population censuses, there are no recent statistics available.

Sources: [Visitluxembourg](https://www.visitluxembourg.lu)

Typical package components

Luxembourg is well known for offering highly-flexible remuneration packages. In Luxembourg, a remuneration package consists of three elements: base salary (fixed salary), variable salary (e.g. performance and sales bonuses) and fringe benefits (e.g. company car and meal allowance). These elements vary by sector and the employee's grade.



Fixed salary

Salaries are paid in 12 monthly payments. An additional month's salary, dubbed "the 13th month's salary," is a common component that is typically paid in December.

Luxembourg boasts the highest minimum wage in the EU, ranging from €2,256.95 per month for low-skilled employees to €2,708.35 per month for high skilled ones. Age is also taken into account.



Benefits in kind

Luxembourg's top four fringe benefits are meal allowances, company cars, parking spaces and company pension schemes (second pillar).

Besides these, companies increasingly invest in employee happiness, health and workplace quality-of-life, by offering perks such as fruit baskets, Sympass cards, internal fitness facilities, crèches and concierge services.



Work and vacation

The Labor Code fixes the workweek at 40 hours, or eight hours per day. Any hours worked in excess of this qualifies as overtime, which is governed by strict rules.

All employees are entitled to a minimum of 26 days' annual leave. Also, there are 11 public holidays every year.

Additional days off are granted for personal reasons, such as marriage or the death of a close relative.



Healthcare benefits

Luxembourg's healthcare system ranks among the best in the world, and its national health insurance scheme is among the broadest.

Employees who are too ill to work must inform their employers on the first day of sickness — and, if they are still ill, must submit a medical certificate on the third day. Employers will pay the employee's full salary from the first day they missed work.

Sources: [Myguichet](#), [Myguichet](#), [Myguichet](#)

Taxation in Luxembourg

Luxembourg has maintained competitive tax policies within the EU, with attractive rates for individuals, a reliable and affordable social security system and a top VAT rate of only 17%. These advantages can go a long way to keep your hard-earned cash in your pocket.

Tax rates vary between 0% and 45.78%. The highest bracket of 45.78% applies to income above €200,004 for single taxpayers and €400,008 for couples taxed jointly.

However, tax-efficient approaches are available that drastically lower this rate. The deadline for tax returns is 31 March following the year-end, but an extension is readily available until 30 June.



Below are some of the highlights of Luxembourg's tax and social security system. You can find out more with our free [Taxation of individuals](#) brochure or [Taxation of international executives](#) database.



Types of income

Luxembourg taxes income differently according to its type. The main categories are:

- **Employment income:** progressive tax rates, conditional exemptions are available.
- **Income from independent activities, including director's fees:** progressive tax rates.
- **Pension income:** progressive tax rates, conditional exemptions are available.
- **Investment income:** 20% if conditions are met; otherwise progressive tax rates, with conditional exemptions available.
- **Rental income:** progressive tax rates, conditional partial exemptions are available.
- **Capital gains:** progressive tax rates, conditional partial exemptions are available.

Luxembourg also allows certain limited deductions from taxable income, including alimony, debit interest, mortgage interest, pension contributions to a company or private pension plan and donations to qualifying charities.

Contributions to the mandatory social security system are fully deductible.



Resident versus non-resident taxation

Luxembourg residents are taxable on their worldwide income — whereas non-residents are, in principle, only taxable on income from Luxembourg sources and are only eligible for limited deductions. Luxembourg's many tax treaties with other countries prevent many cases of double taxation.

Special provisions apply for those living in Belgium, France or Germany and working in Luxembourg: Luxembourg tax rates apply on your full employment income as long as you do not work outside Luxembourg for:

- 29 days or more if residing in France.
- 34 days or more if residing in Belgium.
- 19 days or more if residing in Germany.

If you earn more than 90% of your taxable income in Luxembourg — or for residents in Belgium, more than 50% income — you can opt for Luxembourg resident tax (reporting worldwide income) treatment and benefit from all corresponding deductions.



Impatriate tax regime

Qualifying international employees may benefit from the impatriate tax regime if they live at least 150km away from the Luxembourg border at the time of hiring, among other conditions. Under the impatriate tax regime, certain expenses can be reimbursed tax-free (some up to a limit), including relocation costs, rent/ utilities, school fees and cost-of-living allowances.



Tax relief

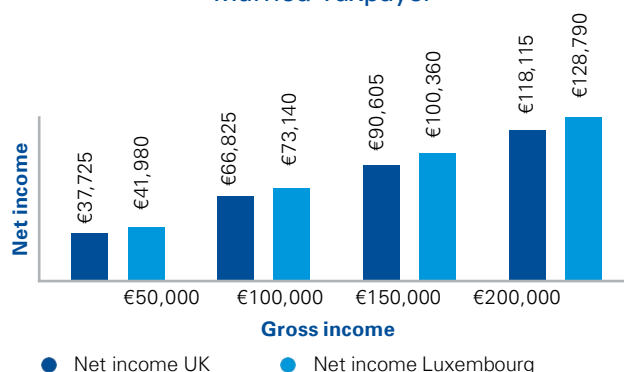
Luxembourg offers many tax credits and allowances. A general tax credit of between €396 and €696 is available for employees, the self-employed or pensioners with an income of between €936 and €80,000. Tax credits for single parents are available, as well as allowances for children's education and extraordinary charges.



Social security

Luxembourg has a comfortable and reliable social security system that covers sickness, provides a state pension, and offers mutual, accident, workplace health and dependence insurance. Employers (at a rate of 12.22% to 15.30%), employees (12.20% to 12.45%) and the self-employed (24.28% to 27.61%) all pay into the system. Most contributions are capped at a maximum income — €135,417.24 per year in 2022 — and only dependence insurance contributions are payable on the full income.

Married Taxpayer



For executives and HR professionals: relocation

Relocating (part of) a workforce seems daunting, but it doesn't have to be. Sound planning — and using the expertise of KPMG Global Mobility and People Services and KPMG People and Change Advisory — can go a long way to ease the process.



Planning

Many stakeholders are involved in a relocation decision. It's important to bring them all together, keep the diversity of their interests and responsibilities in mind, and cover key items including:

- Confirmation of each stakeholder's buy-in
- Workshops for HR/mobility managers that cover the chosen approach
- Plenary presentation to employees with a Q&A
- Cost-projection of the move and its effect on the budget
- Overview of compliance requirements
- Social security and pension comparison to guide policy decisions
- Relocation policy drafting, considering the organization's priorities
- VIP support with additional services or enhanced packages



Implementation

Once the policies are drafted and the affected employees identified, the implementation phase can begin. This involves:

- Setting up a new HR administration
- Engaging and coordinating third-party vendors, e.g. relocation services and language support



- Sourcing immigration support, i.e. work visas and residence permits
- On-site or digital help with settling-in issues, e.g. registration, personal taxes and social security
- Estimated net income calculations for employees

After-care

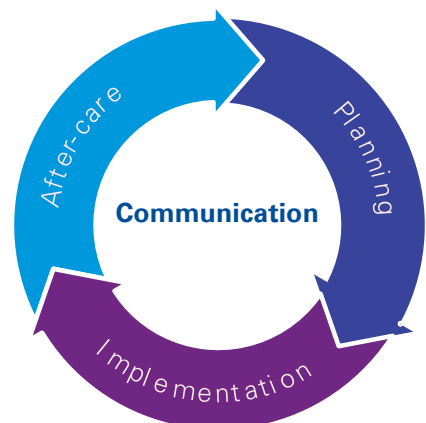
Following the move, after-care should be available, such as:

- Ongoing tax compliance support
- Refresher presentations to employees
- More extensive VIP support if package was selected



Communication

Throughout the process, clear and timely communication is a must.



Helpful websites



Government websites

- [Guichet](#)
- [Luxembourg Chamber of Commerce](#)



Informative

- [Visit Luxembourg](#)
- [Luxembourg Tourism Office](#)
- [Luxembourg.lu](#)
- [Just arrived](#)
- [STATEC](#)
- [AtHome.lu](#)



News

- [Luxembourg Times \(English\)](#)
- [RTL Today \(English\)](#)
- [Paperjam \(French\)](#)
- [Delano \(English\)](#)
- [Chronicle \(English\)](#)
- [Silicon Luxembourg \(English\)](#)



Expat communities

- [Luxembourg Times Expat Hub](#)



KPMG web sites

- [KPMG Luxembourg](#)
- [Taxation of international executives](#)
- [Taxation of individuals](#)
- [Luxembourg Tax alerts](#)



Banks

- [Banque et Caisse d'Epargne de l'Etat, Luxembourg](#)
- [BGL BNP Paribas](#)
- [ING](#)
- [POST](#)





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