

ATOZ ALERT

New tax measures adopted by the Luxembourg Parliament

13 December 2024

Introduction

On 11 December 2024, the Luxembourg Parliament discussed and passed three draft laws that include tax provisions, modifying and clarifying existing tax rules, introducing a tax package to strengthen Luxembourg's attractiveness and modernising the Luxembourg tax procedure.

Please find hereafter a brief description of the tax measures that have just been approved by Parliament.

Changes to minimum net wealth tax. Optional participation exemption for dividends. Clarifications on partial liquidation in case of redemption of classes of shares.

The Parliament adopted a law which, with effect as from tax year 2025, mainly:

- amends the minimum net wealth tax rules to make them compliant with the Constitution;
- clarifies the tax treatment of share class redemptions;
- introduces the possibility to waive the benefit of the participation exemption regime;
- amends the rules on mandatory electronic filing.

To find out more about the measures of the tax package, please click here and read our ATOZ Alert: "[Welcome modifications of the minimum NWT and the participation exemption for dividends and clarifications on the partial liquidation in case of the redemption of classes of shares](#)".

New tax package to strengthen Luxembourg's attractiveness

A law implementing the “Relief Package. Unity. Future. For Everyone” was also passed at the Parliament yesterday. This law introduces targeted tax measures for both businesses and individuals.

The main tax measures concerning businesses include:

- a 1% cut of the corporate income tax rate with effect as from tax year 2025, and
- a subscription tax exemption for actively managed exchange traded funds with effect as from the first day of the quarter following the publication of the law (i.e. with effect as from 1 January 2025 if the law is published before year-end).

The main tax measures concerning individuals include:

- an improved employee profit-share regime with effect as from tax year 2025,
- a more favourable impatriate regime with effect as from tax year 2025,
- a new bonus for young employees with effect as from tax year 2025, and
- a new tax credit for cross-border workers with effect as from tax year 2024.

To find out more about the measures of the tax package, please click here and read our ATOZ Alert: “[New tax package to strengthen Luxembourg's attractiveness](#)”.

Modernisation of the Luxembourg tax procedure

Finally, the Luxembourg Parliament adopted a law that contains provisions related to:

- the digitalisation of the tax procedure,
- administrative cooperation, and
- the tax recovery procedure.

To find out more about the law please click here and read in our ATOZ Insights [Direct tax procedure: Commentary on upcoming amendments](#) and [2024 Luxembourg ongoing initiatives in tax matters – State of play](#).

We will keep you informed of any further developments in the legislative process in Luxembourg.

Do you have any questions?



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