

LCGB-INFO

Purchasing power strengthened by the two tripartite agreements

The tripartite agreements of 31 March 2022 and 18 September 2022 have enabled the implementation of two packages of measures against rapid inflation.

As one of the most important measures, the energy tax credit (CIE) was introduced to overcompensate for the loss of purchasing power of low-income workers.

Net purchasing power development of an unmarried employee with minimum wage (SML) (Calculations without the CIS and CISSM tax credits)

Monthly net profit	June 2022	July 2022	January 2023	February 2023	April 2023	Total net profit (July 2022 - April 2023)
CIE (Compensation for deferred index)		+84 €	+84 €	+84 €	End of the crisis measure	+756,00 €
Adjustment of the SML			+53,96 €	+53,96 €	+53,96 €	+215,84 €
1st Index 2023				+41,75 €	+41,75 €	+125,25 €
2nd Index 2023 (deferred from July 2022 to April 2023)					+43,13 €	+43,13 €
Monthly net income	1.910,56 €	1.994,56 €	2.048,52 €	2.090,27 €	2.049,39 €	+1.140,22 €

➤ SML: overcompensation for a total of € 375.48 net by the CIE

For a single worker earning the unqualified social minimum wage (SML), the net monthly gain from the CIE was 41.72 € compared to applying an index of 2.5%.

In other words, workers earning the SML benefited from a net overcompensation of 375.48 € between July 2022 and March 2023 thanks to the CIE.



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Tripartite Agreements 2022:
THE appropriate response to the crisis

The CIE now gives way to the index

According to the tripartite agreement of March 2022, the CIE will end and the deferred index tranche will be applied in April 2023. The monthly net gain of the two index tranches of February 2023 and April 2023 amounts to 84.88 € net/month, which is approximately the same amount as the CIE!

Having effectively supported low-income earners during the worst of inflation, the CIE is now giving way to the legal revaluation mechanisms that will reinstate the necessary purchasing power support for all.

IN SUMMARY

The tripartite agreement of March 2022, signed by the LCGB and the CGFP, was THE appropriate response to an incomparable crisis.

The LCGB is committed to practical and appropriate solutions to workers' problems!

Without the signing of the first tripartite agreement, which provided for the convening of another tripartite if the crisis worsened, it would not have happened.

Worse, the employers and the government could have abolished the index!

It was due to the two Tripartite Agreements of 2022 that the index was not called into question.

Further measures must be implemented through tax relief

The LCGB calls for tax reform to strengthen workers' purchasing power through the following measures:

- Reintroduction of the tax rate adjustment to inflation as well as full tax exemption of the unqualified social minimum wage.
 - » A full tax exemption would provide an additional net income of 155.10 € / month for a single worker earning the unqualified social minimum wage.
- Strengthen the policy of tax credits in favour of lower incomes..

Finally, the LCGB recalls that the social partners have agreed to hold another tripartite if the crisis continues to worsen. The convening of a new tripartite in 2023 is thus also the merit of the two tripartite agreements of 2022.

For this new tripartite, the LCGB demands an extension and even an improvement of the measures aimed at fighting inflation, strengthening purchasing power and safeguarding jobs!



**Tripartite Agreements 2022:
THE appropriate response to the crisis**