

## Summary of the adopted tripartite measures of March 7<sup>th</sup>, 2023

In accordance with the tripartite agreement of 28 September 2022, the Prime Minister reconvened the tripartite coordination committee to discuss the phasing-out of the energy measures in 2024 and the compensation of the cost of the 3<sup>rd</sup> index tranche of 2023 for businesses.

On March 3<sup>rd</sup>, 2023, intensive and constructive discussions resulted in a new package of measures to support households and companies by consistently fighting inflation and strengthening purchasing power.

In this context, the LCGB was able to implement its main demands, in particular the guarantee of the indexation system and the adaptation of the tax scale to inflation. At the LCGB Executive Committee meeting on March 6<sup>th</sup>, 2023, the result of the negotiations was submitted and unanimously approved by the LCGB Executive Committee members.

**This package is summarised as follows:**

### Full retention of the index

- the 3<sup>rd</sup> index tranche of 2023, currently scheduled for the month of October, remains guaranteed and will be applied in accordance with the legal framework (application of an index tranche of +2,5% once inflation reaches 2,5% of the consumer price index);
- in accordance with the Tripartite Agreement of September 2022, the cost of this third index tranche for companies will be compensated by the State through a reduction in the average contribution rate of the “Mutualité des employeurs”.



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## Tax measures

- structural adjustment of the tax scale to inflation in the amount of 2,5 index tranches (6,36%) from January 1<sup>st</sup>, 2024;
- for 2023, employees and pensioners will benefit retroactively to January 1<sup>st</sup>, 2023 from the **economic stimulus tax credit (CIC)** up to 2 index tranches (5%);
- a climate tax credit will be introduced on January 1<sup>st</sup>, 2024 to offset the cost of the carbon tax on low wage earners;
- increasing the tax exemption of electricity generated by a private household with photovoltaic systems to 30 kWp (from the current 10 kWp).

### Examples for the calculation of the economic stimulus tax credit (CIC)

Income on April 1 <sup>st</sup> , 2023	Annual CIC	Annual CIC
2.508 €	156,48 €	13,04 €
2.750 €	199,44 €	16,62 €
3.009 €	245,40 €	20,45 €
3.250 €	288,24 €	24,02 €
3.500 €	332,64 €	27,72 €
3.750 €	377,04 €	31,42 €
4.000 €	421,44 €	35,12 €
4.250 €	465,84 €	38,82 €
4.500 €	510,24 €	42,52 €
4.750 €	528,00 €	44,00 €
5.000 €	528,00 €	44,00 €
5.250 €	528,00 €	44,00 €
5.500 €	528,00 €	44,00 €
5.750 €	528,00 €	44,00 €
6.000 €	528,00 €	44,00 €
6.250 €	528,00 €	44,00 €

Income on April 1 <sup>st</sup> , 2023	Annual CIC	Annual CIC
6.500 €	528,00 €	44,00 €
6.750 €	528,00 €	44,00 €
7.000 €	528,00 €	44,00 €
7.250 €	528,00 €	44,00 €
7.500 €	528,00 €	44,00 €
7.750 €	528,00 €	44,00 €
8.000 €	528,00 €	44,00 €
8.250 €	528,00 €	44,00 €
8.500 €	528,00 €	44,00 €
8.750 €	528,00 €	44,00 €
9.000 €	528,00 €	44,00 €
9.250 €	528,00 €	44,00 €
9.500 €	528,00 €	44,00 €
9.750 €	556,20 €	46,35 €
10.000 €	576,00 €	48,00 €



Calculations are based on salary after the next index tranche in April (Index 921,40 according to Statec) and are rounded up to the cent

Unskilled employee  
on April 1<sup>st</sup>, 2023  
(40 hrs/wk)

2.508 €

Skilled employee  
on April 1<sup>st</sup>, 2023  
(40 hrs/wk)

3.009 €



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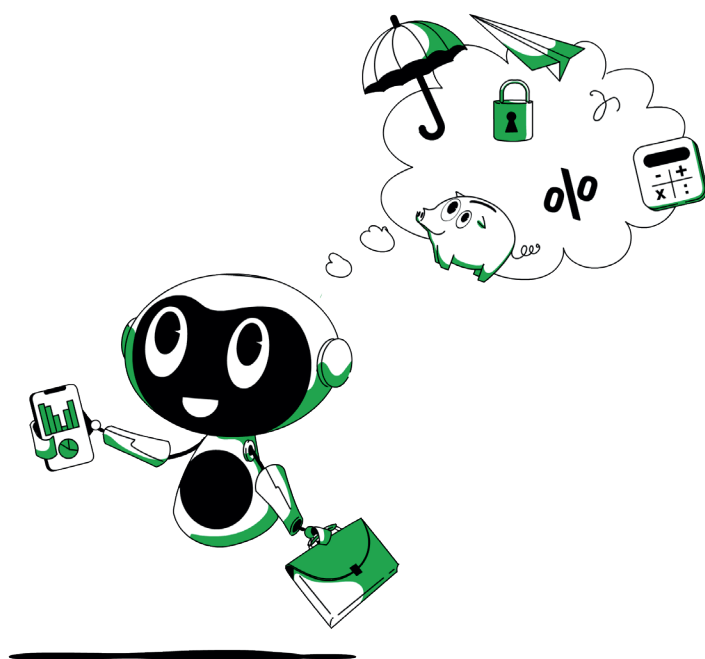
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## Extension of energy and anti-inflationary measures for the whole of 2024

- limit gas price increases for households to +15% compared to the September 2022 price;
- freezing electricity prices at 2022 levels for households consuming less than 25.000 kWh;
- reduction of the price of heating oil by 15 cents per litre;
- reduction of the price of bulk pellets used for primary heating by 35%; the maximum amount of this subsidy is 200 € (including tax) per tonne;
- renewal of the energy premium for eligible households;
- capping the tariffs of senior citizens' and nursing homes, assisted living facilities and psycho-geriatric day-care centres by means of a state contribution to the financing of the energy price increase;
- prolongation of state subsidies for energy-intensive enterprises.

## Measures in the field of housing

- increase of the tax credit on notarial deeds ("Bëllegen Akt") to 30.000 € (from currently 20.000 €);
- increase of the upper limit for the tax deduction of debt interest on a real estate loan to 3.000 € (instead of currently 2.000 €), with retroactive effect from January 1<sup>st</sup>, 2023;
- tax exemption of 75% (instead of 50% currently) on net rental income from housing subject to social rental management.



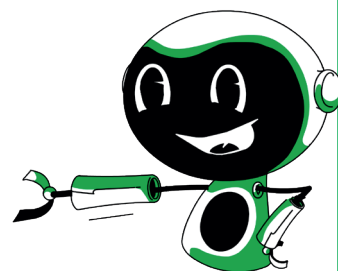
## Term clause

- a new Tripartite shall be convened if the index tranche for 2024 falls before October;
- the payment of the 2024 index tranche remains due and cannot be cancelled or postponed.



Thanks to the commitment of the LCGB, the national Tripartite has been able to find solutions adapted to the current crisis situation by providing predictability to households and companies for 2023 and 2024 with regard to the evolution of energy prices. Purchasing power is further strengthened by maintaining the automatic indexation of salaries and pensions and by tax measures benefiting all taxpayers. In addition, the housing measures will cushion the impact of the rise in interest rates on housing loans.

**For the LCGB, all these measures constitute a balanced and appropriate package that will guarantee and even considerably increase purchasing power and secure jobs. Once again, the national Tripartite represents the strength of the Luxembourg social model by finding solutions to the country's socio-economic problems.**



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## National Tripartite März 2023