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LCGB-INFO - Frontaliers

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The LCGB refuses to accept unfair treatment of salarié(e)s!

On May 5th, the government announced the measures of its austerity plan. Among all measures announced (concerning taxes and other), some will particularly hit frontier workers.

This is mainly the case by **reducing the tax allowances for travel expense (FD) by 50%**. The further away a "salarié(e)" lives from his working place, the more he will be penalised by this measure. It is logical that frontier-workers generally have longer ways to their working place than residents and so far they are allowed to deduct a maximum of 30 km, which equals 2.970 €.

If, in the future, this tax allowance is cut in 2, with – accordingly - a maximum FD of 1,485 € deductible, this means that the remaining 50% will be taxed at a marginal tax rate, which is the tax rate applicable to the last partial amount of the income. If this marginal tax rate is 20%, the annual taxes will grow by 297 €. At 30%, they will grow by 445.50 €, and so on...

A further measure is the deletion of the **family allowances as of the age of 21 years**. This measure took very fast a concrete form through a draft law filed on June 18th 2010. It even talks about a deletion of the family allowances as of the age of 18. This draft law specifically strikes the frontier workers and will go along with dramatic consequences for the concerned families!

What does this draft law mean?

- The abolition of children allowances for everyone as of the age of 18 (a loss ranging from **234.12 € to 410.60 € per month and respective child.**) (Except for frontier workers, if they have a vested interest in their home country)
- The only exception which applies, is for children who are continuing their "secondary" or "technical secondary" studies after the age of 18.
- The abolition of the yearly "back-to-school" allowances for everyone as of the age of 18 (a loss ranging from **161.67 € to 323.24 € per year and child concerned.**)

The LCGB strongly disapproves any measure which would lead to an unfair treatment of the workforce.
Equal work and equal social contributions imply equal services for ALL workers!
The LCGB does not want a dual-class tax system!

Equal work = equal social contributions = equal services!!

For an equal treatment!

The future of our children is in danger!

- The granting of scholarship for residents (living in Luxembourg since at least 5 years) of **6,000.00 € per year and child concerned**.
- The granting of loans for studies at reduced interest rates for residents (living in Luxembourg since at least 5 years) of **€6,000.00 per year and person independent of the income of the parents**. Non-residents are excluded from this measure.
- The “children’s bonus”(922.50 € per year and child) will be maintained for those receiving a scholarship. As Non-residents are excluded from the system of scholarships, they are therefore no longer entitled to receive this “bonus” (loss of **€922.50 per year and child**).
- The regulations for the entitlement to Tax class 1A for single parents who receive the “children’s bonus” will be maintained. As Non-resident single parents do not receive this bonus they are no longer classified in Tax Class 1A but in Tax Class 1.
- The regulations for the entitlement of a tax credit for single parents (CIM) amounting to **750.00 € per year** will be maintained. As Non-resident single parents are no longer entitled to Tax Class 1A, they will no longer receive the Single Parent Tax Credit.
- In regard to health insurance; the right of co-insurance for children is no longer linked to the receipt of family allowances but is bound to the entitlement of the “children’s bonus” . As frontier workers are no longer entitled to this bonus, their children are no longer covered by the Health insurance.

This draft law, scheduled to become effective on October 1st ,2010, will have an enormous financial impact for all workers and in particular for frontier-workers who have children over the age of 18, who are planning to pursue higher education studies. This is simply unacceptable to the LCGB !!!

Residents with low revenues are hit harder than those with higher revenues!

The former system of scholarships favoured the low-income households, as so far, the amount of the scholarship depended on the income of the parents. For a family with decent revenues, the whole loss (former scholarship and family allowances) can be higher than the 6,000 Euros of the planned scholarships. **A family with modest revenue could consequently have less money available than before!**

However, for a family with higher income, the total loss will not exceed the amount of the 6,000 Euros of the new scholarships. Consequently they will be on the winner-side of the new system!

Thus, from a social point of view, the new system is not logic at all

Furthermore, the condition of five years residency in Luxembourg in order to be entitled to scholarships and cheap interest loans for studies, means that those who have recently moved to Luxembourg can also not take advantage of the new scholarship system. They loose the same advantages as the frontier-workers, as long as they do not live in Luxembourg since at least 5 years.

The LCGB strongly disapproves any measure which would lead to an unfair treatment of the workforce. Equal work and equal social contributions imply equal services for ALL workers! The LCGB does not want a dual-class tax system!

Therefore the LCGB has intervned with the Prime Minister and it is it’s outmost concern that the whole workforce, be it residents or frontier-workers, will be treated equally on the level of taxes and Social security.

Appeal to the Prime Minister in writing to ensure an Equal Treatment for the entire workforce !



Equal rights for the entire workforce!

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Message to the Prime Minister:

To Prime Minister Jean-Claude JUNCKER

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