



Flash News - Luxembourg Draft Budget Law 2023

Expected changes in the tax landscape

The Luxembourg Minister of Finance has introduced the 2023 budget law with the aim of reinforcing the Luxembourg market and attractiveness. Below are some of the **main measures**:

- Deadline for filing tax returns will be postponed to 31 December of each year as from 2023. The said extension will apply for income tax returns, community income tax and municipal business tax for 2022 tax year and wealth tax returns for 2023 tax year;
- Threshold of minimum salary of 100,000 EUR applicable to the inpatriate tax regime to be reduced to 75,000 EUR;
- Profit-sharing bonus calculation will be extended to groups of companies in Luxembourg to have more flexibility in the regime;
- Single-parent tax credit will be increased from 1,500 EUR to 2,500 EUR. Maximum income up to which taxpayers can benefit from this credit will be increased from 35,000 EUR to 60,000 EUR;
- Tax credit on minimum social wage maintained for 2023 and possible review of taxpayer's income conditions;

- Tax measures in terms of real estate: the 4% accelerated depreciation applied for buildings (or parts of buildings) for rental housing purposes will be restricted to two buildings (or parts of built buildings) for houses acquired or constructed after 31 December 2022;
- Clarifications in terms of reverse hybrid rules: budget law is providing useful clarifications with respect to the conditions for reverse hybrid rules. With the proposed amendments, reverse hybrid rules should only apply if the double non-taxation of an income results from the hybrid mismatch meaning that the foreign associated enterprises are treating as tax opaque for domestic tax purposes a Luxembourg entity which is considered as transparent in Luxembourg.

Some evolutions of the proposed tax measures might still appear and our Mazars Tax Team remain entirely available should you have any question or need of assistance related to this topic.

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