



# Luxembourg

Country Guide 2024

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# About Us

Access Financial is the leading global provider of contract management, outsourced payroll and umbrella services. We offer customised and compliant solutions to corporate clients, recruitment agencies and professional contractors. We specialise in mitigating tax liability, fully subscribing to labour law and supporting immigration.

The numerous benefits of partnering with Access Financial as your trusted provider include:

- Boosting take-home pay;
- Minimising administration for contractors, recruiters and corporates;
- Providing customised software for better payroll management;
- Ensuring compliance with all relevant laws and regulations;
- Providing complete data security and confidentiality of all payroll information.

## Our Solutions



Employed



Self-Employed



Limited Company



Employer of Record (EOR)



# Luxembourg

Capital	Luxembourg
Spoken Language	Luxembourgish, German, French
Currency	Euro (EUR)
Minimum monthly wage	EUR 2,570.93 (Gross)

Luxembourg is a landlocked country in Western Europe, one of the smallest and least populated, and foreigners account for almost half the population. It has a very high quality of life; good work-life balance, free public transport, high standard of health care and a safe environment. While living there can get quite expensive, the salaries are also generally high.

With a low employment rate and a highly-skilled population, it can be difficult for foreigners to secure a job, especially if they are not from the EU. Accommodation for rent can also be hard to find due to high demand, and the communication barrier can be a problem for individuals with no knowledge of Luxembourg's main spoken languages.

## Entry Visa

Citizens of EU/EFTA Member States and Switzerland can enter Luxembourg with an identity card or a valid passport; other foreign citizens need a visa.

## Work Permit / Residence Permit

Citizens of EU/EFTA Member States and Switzerland can live and work without a work or residence permit in Luxembourg.

Other foreign nationals must acquire a Work Permit, and long stay (D) visa in order to enter the country and apply for a residence permit. The application for a work permit is done by the employee, however, the employer can also help. In order to grant a work permit to a foreign national, the employer must pass a labour market test, to ensure that there are no EU/EAA/Swiss nationals that are qualified for the job; for highly qualified positions, the potential employee must instead be paid at least 1.5 times the average gross annual salary. The work permit application is done in written form at the Immigration Directorate of the Ministry of Foreign and European Affairs; the initial permit is valid for one year, but can be renewed.

Once the work permit is acquired, the individual should apply for a long stay visa, which will allow them to enter the country. Individuals must register at the local Commune/Municipal office within three days of arriving; within 90 days, they have to apply for Residence Permit, which will allow them to stay and work in the country.

## Public Holidays

- **New Year's Day**, 01 Jan
- **Easter Monday**, (Not a standard date, usually March/April)
- **Labour Day**, 01 May
- **Europe Day**, 09 May
- **Ascension Day**, 09 May
- **Whit Monday**, 20 May
- **National Day**, 23 June
- **Assumption Day**, 15 Aug
- **All Saints' Day**, 01 Nov
- **Christmas Day**, 25 Dec
- **St. Stephen's Day**, 26 Dec

## Social Security Registration

Registration at the Joint Social Security Centre (CCSS) is mandatory for all individuals working in Luxembourg; this must be done by the employer within 8 days of the employee starting work. After the registration, the employee is issued s Social Security card.

## Working Hours

A standard working week in Luxembourg is 8 hours/day, or 40 hours/week; the maximum working time may not exceed 10 hours per day or 48 hours per week. Overtime work can be either compensated by extra pay, or extra rest days.

## Vacation Allowance

Full-time employees working in Luxembourg are entitled to at least 25 days of annual leave. Part-time employees get a proportional amount, based on the hours worked. An individual may only take leave after 3 moths of working for the same employer. Leave must be taken completely during the current year, however, in some special circumstances it is possible to carry it forward.

## Sick Leave

Individuals taking sick leave must inform their employer on the first day, and must present a medical certificate no later than the 3<sup>rd</sup> day if the sickness lasts more than 2 days. Employees on sick leave receive full pay from their employer during the first 77 days of absence; after that, they will receive benefits from the National Health Fund.

## Maternity / Paternity Leave

**Maternity:** 20 weeks; 8 weeks before estimated date of birth, 12 weeks after birth. Compensated fully provided the mother paid social security contributions for at least 6 months during the 12 months prior to the maternity leave.

**Paternity:** 10 days, within 2 months of the birth. Compensated fully by social security.

## Pension

State pensions in Luxembourg are covered by social security. Individuals who have paid at least 10 years of contributions are eligible for a partial pension; the amount of the pension depends on the quantity of contributions – 40 years worth of contributions need to be made to receive a full pension.

## Termination & Severance

After employment termination, employees are entitles to severance pay provided they have worked at least 5 years with the current employer.

Length of Employment	Severance Pay
< 5 Years	0
5 – 10 Years	1 Month’s pay
10 – 15 Years	2 Months’ pay
15 – 20 Years	3 Months’ pay
20 – 25 Years	6 Months’ pay
25 – 30 Years	9 Months’ pay
30 Years and more	12 Months’ pay

## Notice Period

Length Of Service	Notice Period
< 5 Years	2 Months
5 – 10 Years	4 Months
10 Years and more	6 Months

## Social Security

Employee social insurance contributions are deducted automatically from the wage, while employer contributions are paid by the employers themselves. The cap on the final monthly contribution for a company is 5 times the minimum social salary — 12,854.64 EUR

Category	Employer	Employee
Pension Insurance	8%	8%
Health Insurance - CNS	3.05%	3.05%
Health Insurance - Mutualité des Employeurs *	0.60% - 2.98%	0
Accident Insurance **	0.68 – 1.13%	0
Dependency Insurance ***	0	1.40%
Occupational Medicine ****	0.13% - 0.14%	0.13% - 0.14%

\* Amount depends on the class of risk

\*\* Depends on the cost of work-related accidents in the previous year.

\*\*\* 1.40% of gross salaries, after deduction of one quarter of the minimum social salary (SSM)

\*\*\*\* Depends on whether the employer is registered with the Multi-sector Occupational Health Service or the Industrial Occupational Health Service

## Taxation

The fiscal year in Luxembourg runs from January 1 to December 31.

## Tax Rates

The following progressive rates apply for 2024:

Taxable Income (EUR)	Rate (%)
0 – 12,438	0
12,438 – 14,508	8%
14,508 – 16,578	9%
16,578 – 18,648	10%
18,648 – 20,718	11%
20,718 – 22,788	12%
22,788 – 24,939	14%
24,939 – 27,090	16%
27,090 – 29,241	18%
29,241 – 31,392	20%
31,392 – 33,543	22%
33,543 – 35,694	24%
35,694 – 37,845	26%
37,845 – 39,996	28%
39,996 – 42,147	30%
42,147 – 44,298	32%
44,298 – 46,449	34%
46,449 – 48,600	36%
48,600 – 50,751	38%
50,751 – 110,403	39%
110,403 – 165,600	40%
165,600 – 220,788	41%
220,788 +	42%

## Tax Returns

The annual income tax return must be filed by 31 December for the previous tax year.

## Double Taxation

Luxembourg has tax treaties with multiple other countries, which can reduce payable tax on certain incomes. It is also possible to obtain tax relief in Luxembourg to avoid double taxation on the same income.

## Health Insurance

Individuals working in Luxembourg are entitled to receive state health care, provided they are registered with the Joint Centre for Social Security (CCSS).

## Cost of Living

The cost of living in Luxembourg is one of the highest in Western Europe. The estimated monthly cost for a single person is around EUR 2,400 – 3,000, with up to 1,400 - 1,700 going to rent.





## How We Can Help

It can be challenging to figure out how to employ a team, incorporate a subsidiary, and set up payroll in Luxembourg; it requires great attention to detail and a deep understanding of local best practices.

We provide a full set of services in Luxembourg allowing corporate clients, recruitment agencies and professional contractors to operate in an optimal manner while ensuring that all local employment obligations are taken care of.

Access Financial offers the following solutions in Luxembourg:

- Employed
- Self-Employed
- Limited Company
- Employer of Record (EOR)

If you would like to discuss how Access Financial can help, please [contact us](#).

## Disclaimer

We have prepared this as a guide only; it does not form part of an offer. Please request illustrations based on your specific case from one of our solution managers.







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