LUXEMBOURG – A COMPLETE TALENT PERSPECTIVE

From first job to legacy: a talent journey for life

Luxembourg's 2025–2026 tax and social measures now support talent at **every stage of life**: arriving as a young professional, accelerating a career in Private Markets, settling with a family, building wealth, retiring and passing it on. This guide follows one person through that journey.

1. **Arrive** – Young talent & inpatriate incentives
2. **Accelerate** – Bonus, profit-sharing & carried interest
3. **Settle** – Home, family & social security
4. **Grow** – Investments without wealth tax or capital gains tax on private shareholdings
5. **Retire & transmit** – Pensions & tax-free succession in direct line

01 Arrive – launching a career in Luxembourg

YOUNG EMPLOYEE BONUS

75% of the bonus tax-exempt

- Under **30** on 1 January; first permanent Luxembourg contract signed after **31 December 2024**
- Gross salary ≤ **€100,000**; within the first 5 years with the same employer
- Bonus up to **€5,000** (salary ≤ €50k), €3,750 (≤ €75k) or €2,500 (≤ €100k)

YOUNG EMPLOYEE RENT ALLOWANCE

25% of a rent subsidy tax-exempt

- Employer pays up to **€1,000 per month** (capped at actual rent, excluding charges)
- Under 30, renting a home
- Annual income up to 30× the minimum social wage (≈ **€95,000**)

INPATRIATE REGIME (SINCE 2025)

50% of salary exempt for up to 8 years

- Exemption on remuneration up to **€400,000** – i.e. up to **€200,000 exempt per year**
- Minimum annual salary **€75,000**
- Recruited or seconded from abroad; not a Luxembourg resident, nor living within 150 km of the border, in the previous 5 years

02 Accelerate – sharing in performance

Carried interest (from 1 January 2026)	Participation carry	Contractual carry
Tax treatment	**Fully exempt**	Taxed at ¼ of the global rate
Max. effective rate	**0%**	**≈ 12.85%**
Conditions	Held beyond the speculative period; participation ≤ 10% in the AIF	No equity stake required
Who	Individuals genuinely involved in AIF investment management – employees, partners, directors, advisers. Purely administrative roles excluded.	

PROFIT-PARTICIPATING BONUS

50% tax-exempt

- Up to **30%** of annual gross salary (previously 25%)
- Total pool capped at **7.5%** of the employer's prior-year net profit
- Employee affiliated to Luxembourg social security

EQUITY & CO-INVESTMENT

Private gains tax-free on long-term holdings

- Gains on shares held beyond the speculative period are exempt where the holding is ≤ 10%

03 Settle – home, family and social protection

OWNING A HOME

Lower purchase costs

- **Bëllegen Akt**: registration-duty credit up to **€40,000 per person** on a main residence (bill pending to raise it to €45,000)
- Gain on selling the **main residence: fully exempt**

FAMILY TAXATION

Single tax class from 2028

- Class **"U"** and individual taxation adopted on 28 October 2026, applicable from tax year 2028
- €5,400 allowance per child under 3; higher single-parent tax credit
- Married couples may keep joint taxation during a 25-year transition

High-quality social security

8.5%	3.05%	1.4%
pension (employee)	health (employee)	long-term care

- Pension and health contributions capped at 5× the minimum social wage (≈ **€13,857 per month**)
- Family members covered for healthcare; periods worked in other EU countries count towards pension rights

Building, protecting and passing on wealth

STAGES 4 – 5 & BEYOND

04 Grow – a favourable framework for private wealth

NO WEALTH TAX

Net wealth tax abolished for individuals since 2006

- **50% exemption** on qualifying dividends; €1,500 (€3,000 for couples) investment-income allowance
- Private pension plan / PEPP: deduction up to **€4,500 a year** (from 2026)
- Life insurance widely used for investment and estate planning

Capital gains (private individuals)	Holding period	Tax
Shares, participation ≤ 10%	Long-term	**Exempt**
Shares, participation > 10%	Long-term	Half the global rate
Any securities	Short-term (speculative)	Taxable (speculative gain)
Main residence	Any	**Exempt**
Other real estate	> 5 years	Half the global rate
Other real estate	≤ 5 years	Taxable (speculative gain)

05 Retire & transmit – security and a smooth succession

STATUTORY PENSION

A pay-as-you-go system with strong reserves

- Legal retirement age **65**; early retirement from 57 or 60 with a full career (480 months, +8 months phased in by 2030)
- Up to 9 years of studies count towards the career; periods worked in other EU countries are aggregated
- New **progressive retirement** (part-time pension) and a **€9,000/year** tax allowance for those who keep working after early-retirement eligibility

SUPPLEMENTARY EMPLOYER PENSION

Taxed once, at entry

- Employer contributions taxed at a flat **20%**, borne by the employer
- Benefits – lump sum or annuity – **fully tax-exempt** at retirement

Succession & gifts	Heirs / beneficiaries	Duty
Inheritance	Children, parents – legal share	**0%**
Inheritance	Spouse / registered partner (≥ 3 years)	**0%**
Inheritance	Direct line – share beyond the legal share	2.5%–5% base rate
Gifts	Direct line (notarial deed)	From 1.8%
Wealth tax	–	**None**

PLANNING TOOLS

Flexibility for international families

- EU Succession Regulation: option to apply the law of one's nationality
- Life insurance, family holding structures and Luxembourg's fund toolbox for long-term planning

+ Beyond tax – a relocation ecosystem supporting the whole journey

A. IMMIGRATION & COMPLIANCE

- Work and residence permits, incl. highly qualified worker route and intra-group transfers
- Family reunification; dual nationality allowed

B. HOME & DAILY LIFE

- Housing search, bank account, commune registration, driving licence
- School placement in a multilingual and international school system

C. FAMILY & CULTURE

- Spouse/partner career support and orientation programmes
- English-friendly, internationally connected professional networks

Why Luxembourg? A career and a life, not just a posting

Attractive from day one

Young-talent incentives and a 50% inpatriate exemption for up to 8 years

Rewards performance

0% on participation carry, ≈ 12.85% max. on contractual carry, 50%-exempt profit-sharing

Protects families

Comprehensive healthcare, family support and a single tax class from 2028

Preserves wealth

No wealth tax, tax-free private capital gains on long-term holdings, 0% inheritance tax in direct line

LPEA

LPEA
+352 28 68 19
lpea-office@lpea.lu
14, rue Erasme, L-1468 Luxembourg
www.lpea.lu

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