de Budgetsplang

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LE GOUVERNEMENT
DU GRAND-DUCHÉ DE LUXEMBOURG
Ministère des Finances

Draft Budgetary Plan
November 2025

Courtesy translation of the original French document.
In case of a discrepancy between the original version and the translated text, the original version shall prevail.

1. Introduction

In accordance with Article 6 of EU Regulation No 473/2013, Luxembourg is presenting its Draft Budgetary Plan for the year 2026 (hereinafter the 'DBP 2026').

The DBP 2026 is based on the most recent macroeconomic forecasts produced independently by STATEC as well as the budgetary guidelines presented in the draft budget for 2026, submitted to Parliament on 8 October 2025. Unless otherwise indicated, budgetary data is presented in accordance with the European system of Accounts (ESA 2010).

The fiscal policy for 2026 is set against an international backdrop marked by geopolitical tensions, economic uncertainties, and structural challenges specific to Luxembourg. The country will have to navigate this context while preserving stability and capacity for public action.

The government is pursuing an ambitious fiscal strategy built on social and sustainable principles, with the goal of preserving the AAA credit rating. This ambition is expressed through four key priorities: a dynamic economic policy, a fair social policy, an ambitious energy policy, and a modern societal policy.

Accordingly, the budgetary strategy pursues a dual objective: to guarantee the sustainability of public finances and respond to the concrete needs of the population and businesses. It aims to strengthen competitiveness, support purchasing power, foster transitions, and address social and defence challenges, in line with European and international commitments.

The DBP 2026 incorporates the results of exchanges with social partners as part of the 'Sozialronn' meetings and the working group 'Restoring the Financing Path' on health and maternity insurance. These led to the definition of concrete measures to strengthen the sustainability of pension and health insurance systems, in respect with the Luxembourg social model.

The public deficit is estimated at 0.8% of GDP in 2025, before reducing to 0.4% in 2026. Remaining well below the 3% deficit threshold enshrined in the Maastricht Treaty. The growth rate of net primary expenditure is forecast at 6.9% for 2025 and at 4.6% for 2026. The maximum growth rates of net expenditure set by the Council amount to 5.8% in 2025 and to 4.7% in 2026.

2. Macroeconomic forecasts

Global growth performed strongly in 2024, driven by major advanced and emerging economies. Since early 2025, the international context has changed considerably. This is largely due to trade policy developments, which have heightened tensions in an already geopolitically uncertain environment.

Economic growth in the euro area remains moderate. After expanding by 0.8% in 2024, GDP is expected to follow a similar trend in 2025. The outlook for 2026 points to a slight recovery (+1.0%), supported by a gradual normalisation of the international environment and by a modest, although fragile, rebound in global demand.

Economic activity in Luxembourg has remained subdued since 2022. After a near stagnation in 2023, the country recorded moderate growth in 2024 (+0.4%). Last year, growth was still expected to pick up to 2.7% in 2025. However, forecasts have been revised downward to 1.0%, including due to the more pronounced slowdown in the international environment. In 2026, improved performance, particularly in the financial sector, is expected to support economic activity. Economic growth is forecast at 2.0% in 2026.

Domestic employment growth has gradually slowed in recent years. It stood at 1.0% in 2024 and is expected to remain at a similar level in 2025, supported mainly by public sector hiring. The outlook for 2026 points to a moderate acceleration (+1.5%), in line with the recovery of activity in market sectors. The unemployment rate, which reached 6.0% in spring 2025, is expected to stabilise around this level before falling slightly to 5.9% in 2026.

Inflation in Luxembourg, measured by the national consumer price index (NCPI), eased markedly in 2024, settling at 2.1%. It is expected to remain at a similar level in 2025, reflecting the automatic wage indexation in May and the base effects of energy prices. In 2026, inflation is projected to moderate further to 1.4%, reflecting an anticipated decline in oil prices combined with government energy measures.

3. Budgetary objectives

In an environment marked by instability and rapid transitions, Luxembourg is pursuing a fiscal policy focused on predictability and transformation. The 2026 budget seeks to act as a strategic tool to strengthen national resilience and to support economic, social, and environmental transformations.

The budgetary strategy is based on responsible management of public finances. It aims to preserve the confidence of citizens, businesses, and investors while ensuring the State's ability to respond effectively to crises. This approach should maintain a sustainable trajectory without compromising political ambition or investment in national priorities.

Faced with challenges in terms of purchasing power and competitiveness, the government is taking measures to preserve household living standards and support economic activity. The budgetary measures aim to safeguard incomes, bolster confidence and mitigate the impact of an environment marked by strong monetary and economic volatility.

Social cohesion is a central pillar of the fiscal policy strategy. The government is strengthening measures to combat poverty, improve access to housing and to ensure the sustainability of the social security system. The latter draws in particular on the conclusions of the discussions held with social partners in summer 2025 ('Sozialronn', see box) and on the work carried out within the working group 'Restoring the Financing Path' on health and maternity insurance. Taken together, these actions reflect a political determination to address the needs of the population in a spirit of fairness and solidarity.

The energy transition is a strategic priority. The budgetary measures support the development of renewable energy, the diversification of sources, and the efficiency of infrastructures. The aim is to combine energy sovereignty, competitiveness, and climate responsibility, while ensuring equitable access to energy for households and businesses.

The modernisation of public administration continues through targeted investments in infrastructure, digitalisation, and the justice system. Luxembourg reaffirms its ambition to become a leader in cutting-edge technologies, while further strengthening data security and the quality of public services.

Building on these strategic investments, the government is also reinforcing Luxembourg's security capacities. National defence has become a priority. These efforts are aligned with Luxembourg's international commitments and NATO objectives.

The nominal balance of general government is expected to show a deficit in 2025 and 2026, falling from 0.8% to 0.4% of GDP. This favourable development is mainly the result of a positive dynamic within social security, whose financial situation is strengthening.

This general trend contrasts with that observed at the central government level, where the balance is expected to increase from -1.3% in 2025 to -1.6% of GDP in 2026. The deficit would amount to EUR 1,206 million and EUR 1,489 million in absolute terms for the two years in question. This reflects increased budgetary commitments in strategic areas, including defence, energy support, and social and infrastructure-related expenditure.

At the local level, the budget balance is expected to show a deficit of EUR 133 million in 2025 before returning to a surplus in 2026, with an estimated positive result of EUR 85 million. The social security surplus is expected to increase from EUR 633 million in 2025 to EUR 996 million in 2026. The positive development is mainly due to the adjustment of the pension insurance contribution rate decided by the government following the 'Sozialronn' meetings.

Public expenditure growth is expected to decelerate from 7.0% in 2025 to 5.6% in 2026. This trend reflects the government's intention to contain public spending after the crisis years.

Public investment is set to remain at a high level. After representing 4.9% of GDP in 2025, it would reach 5.0% of GDP in 2026. Investment spending is primarily directed towards the green and digital transitions, mobility and economic diversification. This strategic choice should strengthen the country's resilience and long-term development.

Public revenue forecasts have been updated based on recent trends and STATEC's macroeconomic projections. Following exceptionally strong growth in 2023-2024, revenues are expected to continue to progress in 2025 and 2026, supported by economic recovery, VAT and personal income tax performances.

In 2025, revenues are projected to increase by 3.3%. At the same time, expenditure would rise by 7.0%, resulting in a temporary negative scissors effect. This imbalance is expected to ease by 2026, with revenue and expenditure growth being expected to reach 6.3% and 5.6%, respectively.

The growth rate of net primary expenditure – the operational reference indicator of the European economic governance framework – is projected at 6.9% in 2025 and at 4.6% in 2026. The rates set by the Council of the European Union amount to 5.8% in 2025 and to 4.7% in 2026.

The increase in public debt would be contained, slightly rising from 26.8% of GDP in 2025 to 27.0% of GDP in 2026. This stable and controlled level of indebtedness demonstrates the soundness of public finances. Interest payments would amount to 0.4% of GDP in 2025 and to 0.5% of GDP in 2026.

Box: Conclusions of the 'Sozialronn'

During the summer of 2025, the government convened three meetings with the social partners as part of the 'Sozialronn', a consultation format bringing together employers, trade unions and government representatives.

These discussions, organised in early July, mid-July, and early September, provided an opportunity to address the structural challenges facing the pension system, working time arrangements, and shop opening hours, against a backdrop of demographic ageing and growing pressure on public finances.

Following these exchanges, the government presented several conclusions, notably regarding pensions:

- **Maintaining the statutory retirement age**: the legal retirement age remains set at 65.
- **Extension of contribution periods for early retirement**: from 2026 onwards, the conditions for early retirement from age 60 will be adjusted to progressively extend the duration of mandatory contribution periods by a total of eight months.
- **Increase in the contribution rate**: the contribution rate will rise from 24.0% to 25.5% as of 2026.
- **'Modérateur de réajustement'**: the mechanism introduced by the 2012 reform to ensure the sustainability of the system will be maintained.
- **Continuation of the year-end allowance**: this allowance will be maintained, as an exception to the 2012 reform.
- **Flexible inclusion of supplementary periods**: years of study will be flexibly incorporated into the insured person's full insurance career.
- **Introduction of a targeted social benefit**: a support scheme will be introduced for individuals receiving an old-age or survivor's pension and living in low-income households.
- **Increase in the tax deduction for retirement savings**: the annual ceiling for deductible payments under the third pillar will increase from EUR 3,200 to EUR 4,500.
- **Introduction of a tax allowance to encourage continued employment:** insured persons who meet the early retirement conditions but continue working until age 65 will benefit from a tax allowance of EUR 750 per month.
- **Introduction of a gradual retirement scheme:** a system inspired by the arrangements in place for public sector employees will be established.
- **Maintenance of specific early retirement schemes:** the current early retirement schemes for shift workers and corporate restructuring will remain unchanged.
- **Review of the system**: the pension system will be reviewed in 2030.

4. Update of the table related to the recommendations received in the context of the 2025 European Semester

In July 2025, the Council adopted its country-specific recommendations (CSRs) on the economic, social, employment, structural and budgetary policies of each Member State.

Table 8 provides an update on the implementation of the 2025-2026 recommendations for Luxembourg.

STATISTICAL ANNEX

Table 1a. Single operational reference for fiscal surveillance

		Year 2024	Year 2025	Year 2026
Council recommendation		**Growth rate**		
1a. Net nationally financed primary expenditure	Growth rate	8.0	5.8	4.7
	Cumulative rate	8.0	14.2	19.6
Outturn / projection		**Growth rate**		
1b. Net nationally financed primary expenditure	Growth rate	6.3	6.9	4.6
	Cumulative rate	6.3	13.7	19.0

Table 1b. Main variables

	Result/projection		
	Year 2024	Year 2025	Year 2026
	% GDP		
1. Net lending/borrowing	0.9	-0.8	-0.4
2. Structural balance	2.4	0.8	0.8
3. Structural primary balance	2.7	1.2	1.3
4. Gross debt	26.3	26.8	27.0
5. Change in gross debt	1.6	0.5	0.3

Table 2. Macroeconomic scenario

	ESA Code	Year 2024	Year 2024	Year 2025	Year 2026
GDP		**bn EUR**	**Growth rate**		
1. Real GDP	B1*g		0.4	1.0	2.0
2. GDP deflator			4.6	3.0	3.1
3. Nominal GDP	B1*g	86.2	5.0	4.0	5.2
Components of real GDP	**ESA Code**	**bn EUR**	**Growth rate**		
4. Private consumption expenditure	P.3		3.2	1.9	2.0
5. Government consumption expenditure	P.3		4.9	4.8	2.8
6. Gross fixed capital formation	P.51		-2.0	1.9	7.9
7. Changes in inventories and net acquisition of valuables (% of GDP)	P.52 + P.53		0.4	-0.5	-0.7
8. Exports of goods and services	P.6		-12.2	2.4	2.9
9. Imports of goods and services	P.7		-13.6	3.3	3.5
Contribution to real GDP growth					
10. Final domestic demand			1.8	1.9	2.5
11. Changes in inventories and net acquisition of value	P.52 + P.53		-0.3	-0.2	-0.3
12. External balance of goods and services	B.11		-1.1	-0.6	-0.2
Deflators and HICP			**Growth rate**		
13. Private consumption deflator			2.7	1.9	1.9
14a. p.m. IPCH			2.3	2.2	1.4
14b. p.m. IPCN			2.1	2.1	1.4
15. Government consumption deflator			3.6	3.8	3.5
16. Investment deflator			3.2	0.6	1.9
17. Export price deflator (goods and services)			5.3	3.5	3.4
18. Import price deflator (goods and services)			4.8	3.1	3.3
Labour market	**ESA Code**	**Level**	**Growth rate**		
19. Domestic employment (1000 persons, national accounts)		516	1.0	1.0	1.5
20. Average annual hours worked per person employed		1,467	0.1	0.0	-0.2
21. Real GDP per person employed			-0.6	0.0	0.5
22. Real GDP per hour worked			-0.7	0.0	0.7
23. Compensation of employees (bn NAC)	D.1	43.2	4.4	4.2	3.7
24. Compensation per employee (= 23 / 19)		83.6	4.4	4.2	2.5
			en %		
25a. Unemployment rate (harmonised definition, Eurostat)			6.3	6.5	6.4
25b. Unemployment rate (ADEM definition)			5.8	6.0	5.9
Potential GDP and components			**Growth rate**		
26. Potential GDP			1.1	1.0	1.2
Contributon to potential growth					
27. Labour			1.2	0.9	0.9
28. Capital			0.2	0.4	0.5
29. Total factor productivity			-0.3	-0.3	-0.2
			% pot. GDP		
30. Output gap			-3.3	-3.4	-2.6

Table 3. External assumptions

	Year 2024	Year 2025	Year 2026
1. Short-term interest rate	3.6	2.2	2.1
2. Long-term interest rate	3.0	3.3	3.4
3. USD/EUR exchange rate	1.08	1.13	1.16
4. Euro area GDP growth	0.8	0.8	1.0
5. Oil prices (Brent, USD/barrel)	80.5	69.8	64.3

Table 4. Budgetary projections

	ESA Code	Year 2024	Year 2024	Year 2025	Year 2026
Revenue		**bn EUR**	**% GDP**		
1. Taxes on production and imports	D.2	9.8	11.3	11.5	11.7
2. Current taxes on income, wealth, etc	D.5	16.5	19.1	18.4	18.5
3. Social contributions	D.61	10.4	12.1	12.5	12.8
4. Other current revenue[1]		4.1	4.8	4.7	4.6
5. Capital taxes	D.91	0.1	0.2	0.2	0.2
6. Other capital revenue	D.92+D.99	0.2	0.2	0.1	0.2
7. Total revenue	TR	41.1	47.7	47.4	47.9
8. Of which: Transfers from the EU (accrued revenue, not cash)	*D.7EU+D.9EU*	*0.1*	*0.1*	*0.1*	*0.1*
9. Total revenue other than transfers from the EU		41.0	47.6	47.3	47.8
10. p.m. Revenue measures (increments, excluding EU funded measures)		-0.3	-0.3	0.0	0.3
10b. p.m. Revenue reductions funded by transfers from the EU (levels)		N.A.	N.A.	N.A.	N.A.
11. p.m. One-off revenue included in the projections (levels, excluding EU funded measures)		N.A.	N.A.	N.A.	N.A.
Expenditure		**bn EUR**	**% GDP**		
12. Compensation of employees	D.1	9.5	11.1	11.7	11.6
13. Intermediate consumption	P.2	3.9	4.6	4.6	4.6
14. Interest expenditure	D.41	0.3	0.3	0.4	0.5
15. Social benefits other than social transfers in kind	D.62	13.9	16.2	16.6	16.7
16. Social transfers in kind via market producers	D.632	2.9	3.3	3.4	3.4
17. Subsidies	D.3	1.2	1.3	1.2	1.2
18. Other current expenditure[2]		3.3	3.9	3.9	3.8
19. Gross fixed capital formation	P.51	4.0	4.7	4.9	5.0
20. Of which: Nationally financed public investment		*4.0*	*4.7*	*4.9*	*5.0*
21. Capital transfers	D.9	1.1	1.3	1.3	1.4
22. Other capital expenditure	P.52+P.53+NP	0.2	0.3	0.2	0.2
23. Total expenditure	TE	40.4	46.8	48.2	48.3
24. Of which: Expenditure funded by transfers from the EU	*D.7EU+D.9EU*	*0.1*	*0.1*	*0.1*	*0.1*
25. Nationally financed expenditure		40.2	46.7	48.1	48.2
26. p.m. National co-financing of programmes funded by the Union		0.1	0.1	0.1	0.1
27. p.m. Cyclical component of unemployment benefits		0.0	0.1	0.1	0.1
28. p.m. One-off expenditure included in the projections (levels, excluding EU funded measures)		N.A.	N.A.	N.A.	N.A.
29. Net nationally financed primary expenditure (before revenue measures)		39.9	46.3	47.5	47.6
Net nationally financed primary expenditure			**Growth rate**		
30. Net nationally financed primary expenditure growth			6.3	6.9	4.6
Balances		**bn EUR**	**% GDP**		
31. Net lending/borrowing (= 7-23)	B.9	0.8	0.9	-0.8	-0.4
Net lending/borrowing by subsector			**% GDP**		
31a. Central government	B.9 (S.1311)	-0.2	-0.3	-1.3	-1.6
31c. Local government	B.9 (S.1313)	0.1	0.1	-0.1	0.1
31d. Social security fund	B.9 (S.1314)	0.9	1.1	0.7	1.1
32. Primary balance (= 31+14)	B.9+D.41p	1.0	1.2	-0.4	0.0
Cyclical adjustment			**% GDP**		
33. Structural balance			2.4	0.8	0.8
34. Structural primary balance			2.7	1.2	1.3

[1] P.11+P.12+P.131+D.39+D.4+D.7.

[2] D.29+D4 (other than D.41)+D.5+D.7+D.8.

Table 4. Budgetary projections

	ESA Code	Year 2024	Year 2024	Year 2025	Year 2026
Debt		**bn EUR**	**% GDP**		
35. Gross debt		22.6	26.3	26.8	27.0
36. Change in gross debt		2.4	1.6	0.5	0.3
37. Contributions à la variation de l'endettement brut					
38. Primary balance			-1.2	0.4	0.0
39. Snowball effect			-0.9	-0.6	-0.8
40. Interest expenditure			0.3	0.4	0.5
41. Growth			-0.1	-0.3	-0.5
42. Inflation			-1.1	-0.8	-0.8
43. Stock-flow adjustment			3.7	0.7	1.1
			in %		
44. p.m. Implicit interest rate on debt			1.3	1.5	1.9

Table 5. Budgetary projections under unchanged policies

	ESA Code	Year 2024	Year 2024	Year 2025	Year 2026
Revenue		**bn EUR**	**% GDP**		
1. Taxes on production and imports	D.2	9.8	11.3	11.5	11.7
2. Current taxes on income, wealth, etc	D.5	16.5	19.1	18.4	18.5
3. Social contributions	D.61	10.4	12.1	12.5	12.4
4. Other current revenue[1]		4.1	4.8	4.7	4.6
5. Capital taxes	D.91	0.1	0.2	0.2	0.2
6. Other capital revenue	D.92+D.99	0.2	0.2	0.1	0.2
7. Total revenue	TR	41.1	47.7	47.4	47.4
Expenditure		**bn EUR**	**% GDP**		
8. Compensation of employees	D.1	9.5	11.1	11.7	11.6
9. Intermediate consumption	P.2	3.9	4.6	4.6	4.4
10. Interest expenditure	D.41	0.3	0.3	0.4	0.5
11. Social benefits other than social transfers in kind	D.62	13.9	16.2	16.6	16.7
12. Social transfers in kind via market producers	D.632	2.9	3.3	3.4	3.3
13. Subsidies	D.3	1.2	1.3	1.2	1.0
18. Other current expenditure[2]		3.3	3.9	3.9	3.7
15. Gross fixed capital formation	P.51	4.0	4.7	4.9	4.9
16. Of which: Nationally financed public investment		*4.0*	*4.7*	*4.9*	*4.9*
17. Capital transfers	D.9	1.1	1.3	1.3	1.3
18. Other capital expenditure	P.52+P.53+NP	0.2	0.3	0.2	0.2
19. Total expenditure	TE	40.4	46.8	48.2	47.7
Balances		**bn EUR**	**% GDP**		
20. Net lending/borrowing	B.9	0.8	0.9	-0.8	-0.2
21. Primary balance	B.9-D.41p	1.0	1.2	-0.4	0.2

[1] P.11+P.12+P.131+D.39+D.4+D.7.

[2] D.29+D4 (other than D.41)+D.5+D.7+D.8.

Table 6. Description of discretionary measures included in the draft budget

Discretionary measures taken by general government	Temporary measure	ESA Code	Year 2026	
			mn EUR	% GDP
Revenues				
Increase in excise duty rates on cigarettes, fine-cut tobacco and other tobacco products	No	D.2	35	0.0
Introduction of a start-up tax credit to encourage individuals to invest in young companies	No	D.5	0	0.0
Introduction of a national minimum tax in line with international Pillar 2 (OECD/G20) rules	No	D.5	80	0.1
Increase in the CO_2 tax credit to offset the cost of the CO_2 tax for low-income earners	No	D.5	-13	0.0
Reform of the tax treatment of carried interest in alternative investment funds	No	D.5	0	0.0
Introduction of an exemption from the withholding tax (RELIBI) on interest from defence bonds	Yes	D.5	0	0.0
Adjustment of real estate revaluation coefficients to the consumer price index	No	D.5	1	0.0
Introduction of accelerated depreciation for investments in energy efficiency and renovation	No	D.5	0	0.0
Introduction of a tax allowance of €750 per month to encourage continued participation in the labour market	No	D.5	-5	0.0
Increase in the ceiling for deductions on retirement provision contracts from EUR 3,200 to EUR 4,500 per taxpayer	No	D.5	0	0.0
Impact of the measures decided by the government following the "Sozialronn"	No	D.61	378	0.4
Introduction of a tax credit of EUR 922.5 per child for the parent in shared custody not falling under tax class 1a for the tax years 2025–2026	Yes	D.5	0	0.0
Total - Revenues			**476**	**0.5**
Expenditures				
Employee remuneration: CNPD – staff reinforcement; tuition and medical expenses; contribution to costs for doctors in specialisation (supervision, grants, internships); others	No	D.1	26	0.0
Subsidies: Funding of the RDI fund in the private sector; State coverage of costs linked to electricity network use; private bus services under contract; others	No	D.3	217	0.2
Other current transfers: Support for hydrogen projects; contribution to childcare aid measures; support for adult learning; financing of social and educational services; support for equality and diversity services; “out of hospital” pilot project; REVIS supervision; support for regional development initiatives; TICE bus services; support for the AST network; support for sport (LIHPS, federations, coaches, promotion); employment fund; others	No	D.7	110	0.1
Public investment: Cultural and community infrastructure; aid to industrial and strategic service companies; SME subsidies; renewable energy measures; installation of charging stations including in residences; pre-financing of private photovoltaic systems; private and socio-family education infrastructure; affordable housing; others	No	D.9	180	0.2
Missions and operations abroad: Costs related to the establishment and operation of diplomatic missions; screening structure; general expenses; experts and studies; building maintenance and rentals; housing and spatial planning research; others	No	P.2	87	0.1
Education and childcare: Commercial education and childcare services under the “Chèque-service Accueil” scheme; others	No	P.3	49	0.1
Specific equipment and infrastructure: Acquisition and installation of equipment for the integrated radio network; acquisition of specialised (operational and security) equipment; construction of a new VIP lounge at the airport; others	No	P.5	20	0.0
Total - Expenditures			**689**	**0.7**

Table 7. RRF grants

	Year 2020	Year 2021	Year 2022	Year 2023	Year 2024	Year 2025	Year 2026
Revenue from RRF grants	% GDP						
1. RRF grants as included in the revenue projections	0.000	0.017	0.000	0.025	0.000	0.123	0.104
2. Cash disbursements of RRF grants from EU	0.000	0.017	0.000	0.000	0.000	0.000	0.000
Expenditure financed by RRF grants	% GDP						
3. Total current expenditure	0.003	0.005	0.002	0.011	0.015	0.005	0.003
4. Gross fixed capital formation	0.001	0.000	0.001	0.000	0.000	0.005	0.002
5. Other capital expenditure	0.000	0.000	0.001	0.037	0.096	0.054	0.045
6. Total capital expenditure	0.001	0.000	0.002	0.037	0.097	0.059	0.047
Other costs financed by RRF grants	% GDP						
7. Reduction in tax revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000
8. Other costs with impact on revenue	0.000	0.000	0.000	0.000	0.000	0.000	0.000
9. Financial transactions	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Table 8 "Country-specific recommendations" 2025

[Council recommendation on Luxembourg's economic, social, employment, structural and budgetary policies for 2025 and 2026]

Reservation: The below table is the responsibility of the relevant ministerial departments. This English version is provided for information and convenience only. In the event of any inconsistency, the French version shall be deemed authoritative and shall prevail[1].

Recommendation		Progress in implementation	Measures	Description and purpose of the measure
2025 CSR 1				
1.1 Strengthen overall defence and security spending and preparedness while ensuring debt sustainability, in line with the European Council conclusions of 6 March 2025		Implemented	Achieve a defence effort of 2% of gross national income (GNI) by the end of 2025 (09/2025)	• Given the international situation and Luxembourg's commitments to its international partners, the Government will accelerate the strengthening of defence capabilities. In line with its international commitments in this area, Luxembourg plans to achieve a defence effort of 2% of Gross National Income (GNI) by the end of 2025. Following the NATO Summit in The Hague in June 2025, at which the Allies committed to spending 5% of their GDP (GNI for Luxembourg) to defence, including 3.5% to finance defence-related needs and 1.5% to investments related to defence and security in the broad sense (e.g. infrastructure and industry), a trajectory for the evolution of Luxembourg's defence effort beyond 2026 is currently being developed. • Law of 13 December 2024 authorising the government to finance the acquisition and logistical support of rolling stock for the needs of the Luxembourg Army. As part of the establishment of a binational battalion together with Belgium, the law authorising the Government to finance, up to €2.6 billion over the next 30 years, the acquisition and logistical support of rolling stock for the needs of the Luxembourg Army has come into force. • Establishment of an interministerial working group responsible for coordinating and identifying initiatives aimed at generating economic returns in the field of defence. • The LUXEOSys Earth observation system was launched in August 2025.
		Implemented	Luxembourg's continued support for Ukraine (02/2022)	• Furthermore, according to the government programme, and depending on how the situation develops, Luxembourg will maintain substantial support for Ukraine in its fight against Russia's war of aggression.

[1] https://economy-finance.ec.europa.eu/economic-governance-framework/stability-and-growth-pact/preventive-arm/annual-draft-budgetary-plans-dbps-euro-area-countries/draft-budgetary-plans-2026_en

1.2 Ensure that net expenditure remains on the path recommended by the Council on 21 January 2025				• According to the latest budget forecasts, the growth rate of net primary expenditure is expected to reach 6.9% in 2025 and 4.6% in 2026. Thus, the cumulative rate for the period 2024-2026 would amount to 19.0%.
1.3 Ensure the long-term sustainability of its pension system, in particular by limiting early retirement options and increasing the participation and employment rates of older people by improving their employment prospects and employability.		Implemented	Comprehensive consultation on the long-term sustainability of the old-age pension system **(10/2024)**	• A broad consultation with civil society on the long-term sustainability of the old-age pension system, as set out in the 2023-2028 coalition programme, was launched in October 2024: • The first phase consisted of an online consultation with the general public and a consultation with stakeholders. The evaluation of this phase is available online: https://pensioun.xn--schwtzmat-y2a.lu/fr/user-media-library/122 • The second phase was presented on 12 February 2025 and consists of a more targeted consultation on three key themes: the adaptability of the pension system, the sustainability of the pension system and the fairness of the pension system. • Subsequently, three expert groups examined these three themes in greater detail in March and April 2025 with a view to "developing concrete proposals and recommendations to ensure the sustainability and fairness of the Luxembourg pension system, in order to have a solid basis for possible reform measures by the summer of 2025". • In July and September 2025, discussions took place between the Government and the social partners, which also focused on the pension insurance system. Following these discussions, the Government will draft a bill for October 2025 to make changes to the pension insurance system that will help support the financial sustainability of the scheme in the coming years: https://gouvernement.lu/fr/actualites/toutes_actualites/communiques/2025/09-septembre/03-sozialronn-conclusions.html • Prior to the consultation and in response to the previous government's request on this matter (see measure implemented), the Economic and Social Council issued its opinion on the general pension insurance scheme on 17 July 2024. • In preparation for a consultation debate in the Luxembourg Parliament (Chamber of Deputies) in March 2025, the parliamentary committee received the latest

				available forecasts in February 2025: https://www.chd.lu/fr/preparation-debat-systeme-pensions-02 • The IGSS also published an update of the demographic and financial projections for the general scheme on 12 July 2024: https://igss.gouvernement.lu/fr/publications/apercus-et-cahiers/cahiers-statistiques/202407no18.html
		Implemented	Retention in employment of persons receiving early retirement pensions (**01/2013** for combined early retirement and salaried employment) (**03/2025** for the tabling of the bill on changes to early retirement pensions and self-employment)	• The coalition agreement provides for the alignment of the rules on combining income from professional activity (salaried or self-employed) with an early retirement pension (before the age of 65). This measure targets self-employed activities in addition to the rules on combining income that apply to salaried activities, which had already been revised by the reform of the general pension insurance scheme that came into force on 1 January 2013. The measure will thus help to make it easier for people receiving early retirement pensions to remain in employment. Bill No. 8514 was tabled on 19 March 2025: https://www.chd.lu/fr/dossier/8514. • Increase the retention of people receiving early retirement pensions (combination of early retirement pension and work). This will also facilitate the intergenerational transfer of professional knowledge.
		Implemented	Reform of long-term care insurance (Law of 12 July 2017) **(01/2018)**	• Every two years, the IGSS carries out an analysis of the adequacy of the flat-rate pricing introduced with the latest reform. • From a financial point of view, the long-term care insurance scheme has a positive balance and reserves have increased in recent years. Forecasts also indicate that the scheme will be in financial equilibrium in the medium term. • Better individualisation of the provision of quality services that meet the daily needs of each person, strengthening quality through clear standards and criteria with adequate controls, simplifying procedures and consolidating the system in line with societal developments and in accordance with the fundamental principles of the 1998 basic law.
		Implemented	Law of 20 July 2017 on combating long-term unemployment **(08/2017)**	• Encourage the return to work of the long-term unemployed, particularly older unemployed people, by providing assistance for job creation.
		Implemented	Reform of professional redeployment (Law of 24 July 2020) **(11/2020)**	• Provide additional incentives to delay retirement age by speeding up procedures, better protecting the rights of people undergoing external redeployment and creating the conditions necessary to favour internal redeployment and thus job retention.

		Implemented	Bonus after professional training course for companies hiring job seekers aged 45 or over, or in external redeployment, or who are disabled employees, on a permanent contract at the end of the course **(01/2016)**	• The professional training course gives job seekers the opportunity to demonstrate their professional abilities within a company (course lasting a maximum of 6 weeks) and benefit from a real prospect of employment. • Employers who hire an intern aged 45 or over (at the start of the internship), or an intern who is undergoing external redeployment, or one who is classified as a disabled employee on a permanent contract, are eligible for financial assistance.
		Implemented	Reintegration-employment contract for job seekers aged 45 or over, those undergoing external redeployment, or those who are disabled employees **(01/2016)**	• Offers job seekers the opportunity to improve their professional knowledge and skills within a company (maximum duration of 12 months).
		Implemented	Reform of early retirement schemes (Law of 30 November 2017) **(12/2017)** Solidarity early retirement was abolished on 1 July 2018	• Abolish solidarity early retirement and adapt other early retirement schemes. • Better targeting of employees in difficult jobs and taking better account of employees' working conditions, while promoting the continued participation of older people in working life.
		Implemented	National strategy for lifelong learning (LLL)	• Offer adults of all ages guidance, validation of prior learning and training to strengthen basic and professional skills.
1.4 Increase the supply of housing, in particular by adopting a comprehensive land use policy and property tax reform, developing large-scale residential neighbourhood projects on public land,		Announced	10-point action plan on housing **(06/2024)**	• A 10-point action plan is being implemented, containing environmental measures, administrative simplification measures and reforms relating to land use. • The principle of "silence means consent": this principle will be introduced at municipal and state level in areas where it does not conflict with European law. This year, de minimis thresholds for building permits and state authorisations will be introduced. In this regard, no authorisation will be required in future for small-scale works, such as the installation of a new window or a small photovoltaic system.

and strengthening coordination with urban planning and cross-border public transport.				• Merger of the General Development Plan (PAG) and the Special Development Plan (PAP) into a single measure: on average, the two procedures take 12 months; by merging them into a single procedure, the time frame can be reduced to a maximum of 8 months. If a PAP project requires a specific amendment to the PAG, this will also be done as part of a single procedure. For around a quarter of smaller projects, a brand new, simplified PAP procedure will be introduced, which will be even shorter. As discussions about the infrastructure of a new neighbourhood often take a long time, a legal deadline of 6 months will be introduced. • A national construction standard: by 2025, a standard national construction regulation with uniform rules will be introduced. Municipalities will be able to continue to define urban planning details in order to best reflect the character of their localities. • Creation of a new commission: to put an end to the contradictory standards imposed on people by the state, a new commission will be created between the Labour and Mines Inspectorate (ITM), the Grand Ducal Fire and Rescue Corps (CGDIS) and the Ministry of Family Affairs, which will act as the sole point of contact for builders and will also provide joint advice on future construction projects to avoid disagreements. In the same vein, there are plans to integrate the National Public Service Security Service into the ITM. • Centralisation of authorisation procedures: all authorisation procedures will be centralised and digitised on a single platform. According to the "Once only" principle, data will only need to be entered once. The platform will also provide a personalised list of the steps required for the specific project. This large-scale project will be finalised within the next 24 months. • Ministerial reorganisation: the legislative amendments necessary for the ministerial reorganisation were submitted to the House of Commons in the summer of 2024. Currently, a single owner can block the construction of an entire neighbourhood and put their own interests above those of the community. With this measure, the Ministry of the Interior has the option of relocating such an owner's land so that the project can go ahead. • Construction waste management: greater flexibility will be granted in the management of construction waste in order to reduce journeys between landfills and construction sites. • Simplification of environmental procedures: Environmental procedures will be simplified without neglecting nature conservation. By adopting this holistic

				approach, the number of environmental studies and compensation measures that individual builders must carry out will be significantly reduced. To this end, the principle of "Natur auf Zeit" (temporary nature) was introduced in urban areas in the summer of 2024. This will allow landowners to allow hedges and shrubs to grow without fear that their project will no longer be feasible or will become more expensive as a result. Such biotopes will no longer need to be compensated for in urban areas. In return, 10% of a new residential area must be reserved for green spaces. This will help to make urban areas greener and improve the quality of life. • The principle of "one-off compensation": this is a simple solution to compensate for the hunting area of various protected animals in the construction zone in general, without the contractor being obliged to carry out a study. The hunting area is then compensated for on state-owned land without high agricultural potential. In addition, there is a ban on the use of pesticides on these fields. • Increase in the threshold for environmental impact screening: the threshold at which screening for an environmental impact study must be carried out for a new construction project is increased from 2 to 4 hectares. By removing this preliminary screening, weeks or even months of procedures can be saved.
		Implemented	Package of measures to revive the housing market	• The law of 22 May 2024 introducing a package of measures to revive the housing market introduced various tax breaks covering some of the 10 points. • Temporary measures include: ○ Taxation at a quarter of the overall rate for capital gains on property realised between 1 January 2024 and 31 December 2024. ○ The tax-neutral transfer of capital gains on property for the year 2024, provided that these gains are transferred to replacement properties (housing) intended for social rental management or to new residential buildings that achieve an A+ rating in energy performance, thermal insulation and environmental performance. ○ The tax credit on registration fees for notarial deeds relating to real estate, commonly known as "Bëllegen Akt", increased to €40,000 for property acquisitions documented between 1 January 2024 and 31 December 2024. ○ The tax credit on registration fees for property purchases intended to be used as a tenant's residence. ○ The accelerated depreciation rate has increased to 6 per cent for a period of six years for property acquisitions to be built during 2024.

				○ It should be noted that these measures have been extended until 30 June 2025. • Permanent measures include: ○ A one-third increase in the maximum amount of tax deductibility for interest expense corresponding to the dwelling occupied by the owner or intended to be occupied by the owner. ○ The tax exemption on rental income from social rental management has been increased from 75 per cent to 90 per cent. • The introduction of a partial exemption for premiums granted by an employer to an employee for the purpose of renting accommodation occupied as the employee's principal residence.
		Announced	Submission of Bill No. 8082/00 on property tax, land mobilisation tax and tax on the non-occupation of housing **(Date of submission 10.10.2022)**	• Bill No. 8082, which includes a land mobilisation tax, was tabled on 10 October 2022. Government amendments are being prepared to modify various aspects of the bill, but the principle of the mobilisation tax remains unchanged.
		Announced	"Baulandvertrag" **(Date of submission of the bill: 18/05/2017)**	• To accelerate land mobilisation. Still pending.
		Announced	Ministerial land consolidation **(Bill 7139 tabled on 18/05/2017)**	• To accelerate land mobilisation. Still pending.
		Announced	Article 29bis of the Municipal Planning Act **(Act adopted on 18/08/2021)**	• In order to boost the supply of available housing, the government has implemented ambitious housing acquisition programmes aimed at creating a total of 2,876 housing units, including affordable rental units, affordable sale units and moderate-cost sale units. • The government continues to support the development of large-scale new neighbourhoods with a view to sustainable development in order to address the shortage of affordable housing. (e.g. the "NeiSchmelz" project in Dudelange, the "Wunnen mat der Wooltz" project in Wiltz, the "Elmen" project in Kehlen).

		Adopted	New Master Plan for Spatial Planning (PDAT) **(06/2023)**	• The new Master Plan for Spatial Planning (PDAT) sets out the Government's strategy for the sustainable development of all parts of the national territory between now and 2035 and 2050. • The PDAT has three objectives, including: (1) concentrating development in the most appropriate locations, (2) reducing land artificialisation, and (3) strengthening cross-border spatial planning, including cross-border consultation, which takes on a whole new role in the PDAT in view of the growing interdependence of the Grand Duchy of Luxembourg within the Greater Region. • The strategy is being implemented as soon as the PDAT is adopted through various instruments (land use plans, sectoral master plans, State-Municipality Convention, nature parks) but also through various pilot projects, such as the conversion of the Foetz commercial area and the development of a green belt around the Agglo-Centre.
		Implemented	Raum+ methodological tool **(07/2023 and update in 2025)**	• The "Raum+" methodological tool was developed and made available to municipalities by the Ministry of Housing and Spatial Planning, the Territorial Development Observatory and the Housing Development Observatory in order to assess and catalogue land reserves in the Grand Duchy of Luxembourg. • The "Raum+" methodological tool provides a territorial, quantitative and qualitative overview of land reserves. • An update was carried out in the second half of 2024 and a new platform was developed.
1.5 Mitigate risks related to the housing market by gradually removing tax incentives to borrow and strengthening the macroprudential framework		Implemented	Strengthening of the macroprudential framework: • Abandonment of adjustments to measures targeting loans for residential property located in Luxembourg • Setting the countercyclical buffer rate for Q4 2025 at 0.5%	• In the context of the revitalisation of the housing market and the construction sector, the Law of 22 May 2024 (Bill No. 8353) introducing a package of measures to revive the housing market introduced tax and non-tax measures with a short-, medium- and long-term impact. • While these measures have helped to revitalise the housing market, most of the tax measures expired on 30 June 2025 (Law of 4 April 2025) so as not to perpetuate the tax incentives that had been introduced in this specific context. • In terms of macroprudential policy, in May 2024 the Systemic Risk Committee (CdRS) decided to review the calibration of macroprudential measures relating to residential property loans in Luxembourg. This measure was deemed necessary in view of the cyclical slowdown in the Luxembourg property market, which has been further impacted by stricter financing conditions. The CdRS decided not to extend the adaptation of the above measures beyond 30 June 2025.

				Recommendation CdRS/2020/005 on measures targeting borrowers, as decided in November 2020, will once again apply. • The CdRS also considered that the current economic situation justifies setting the countercyclical buffer rate at 0.5%. The CdRS considers that this measure is justified in view of the importance of having sufficient capital buffers to absorb potential shocks, particularly if they affect households' disposable income or borrowers' repayment capacity. Furthermore, Recommendation CdRS/2016/004 on risk weighting for residential real estate in Luxembourg continues to apply. • More generally, the CdRS continues to closely monitor developments in the property market, paying particular attention to credit issuance volumes and changes in lending conditions for new borrowers, in order to mitigate potential risks to financial stability.
1.6 take further measures to effectively combat aggressive tax planning, in particular by ensuring that outgoing interest and royalty payments to low- or no-tax jurisdictions other than those included in the EU list of non-cooperative jurisdictions for tax purposes are sufficiently taxed		Announced	Transposition of the DAC 8 Directive on administrative cooperation (Adoption of the Directive 17/10/2023, Transposition deadline 31/12/2025)	• Ensure administrative cooperation between tax authorities at European and international level and enable effective action against tax fraud and evasion, particularly in relation to crypto-assets and electronic money.
		Announced	Transposition of the DAC 9 Directive on administrative cooperation (Directive adopted on 14/04/2025, transposition deadline 31/12/2025)	• Establishment of information exchange between competent authorities for the purposes of implementing the Pillar Two Directive on minimum effective taxation of large corporate groups.
		Announced	Implement the agreement on a "Subject to tax rule" as part of the work on Pillar Two, by renegotiating some of its bilateral international agreements **("open for signature" since 3 October 2023**)	• The implementation of this agreement should also help to combat tax planning practices, particularly in the context of outbound payments.

		Implemented	Law of 22 December 2023 on minimum effective taxation for multinational enterprise groups and large domestic groups.	• Introduction of a minimum effective tax rate of 15% on the profits of multinational enterprises in order to curb tax competition and aggressive tax planning by incorporating the model rules on Pillar 2 of the international reform of multinational enterprise taxation adopted by the OECD Inclusive Framework on 14 December 2021. Implementation of the relevant OECD guidelines to clarify the application of the standard rules on Pillar 2, in particular through a law of 20 December 2024.
		Completed	Implementation of certain administrative mechanisms for enhanced control over jurisdictions included on the list of non-cooperative jurisdictions in the Code of Conduct (Business Taxation) **(2018)**	• Provide for enhanced control mechanisms with regard to jurisdictions included on the list of non-cooperative jurisdictions for tax purposes, through the issuance of a circular.
		Completed	Adaptations concerning two legislative provisions whose interpretation by taxpayers may have encouraged practices that erode the tax base and transfer profits, or even led to situations where certain income was not taxed **(2018)**	• Contribute to strengthening the level of protection against aggressive tax planning within the internal market.
		Completed	Transposition of the ATAD 1 and ATAD 2 directives containing anti-tax avoidance provisions **(12/2018)** **(12/2019)**	• Enable effective action against tax evasion.
		Completed	Ratification of the Multilateral Convention to Implement Tax Treaty	• Enable the specific strengthening of the Luxembourg legal framework in the context of combating aggressive tax planning structures that resort to tax shopping.

			Related Measures to Prevent BEPS **(2019)**	
		Completed	Transposition of several directives on administrative cooperation (DAC 1, 2, 3, 4, 5 and 6) **(DAC 6 entered into force on 1 July 2020)**	• Ensure administrative cooperation between tax authorities at European and international level and enable effective action against tax fraud and tax evasion.
		Completed	Transposition of the DAC 7 Directive on administrative cooperation **(05/2023**)	• Law of 16 May 2023 on the automatic and mandatory exchange of information reported by platform operators. • Ensure administrative cooperation between tax authorities at European and international level and enable effective action against tax fraud and tax evasion.
		Completed	Application of enhanced control mechanisms with regard to jurisdictions included on the list of non-cooperative jurisdictions in the Code of Conduct (business taxation) **(02/2021)**	• Law of 10 February 2021 amending the amended law of 4 December 1967 on income tax. • End tax planning practices that may still exploit certain provisions of the tax system in relation to outgoing payments. With the aim of strengthening the fight against tax fraud and tax evasion, the proposed measure targets certain transactions, particularly financial transactions, carried out with related companies established in countries or territories that are considered non-cooperative for tax purposes. It contributes effectively to the global promotion of tax transparency, fair taxation and the implementation of anti-BEPS measures. Limiting the deductibility of certain expenses thus helps to combat certain aggressive tax planning structures that result in interest and royalty payments made by companies located in Luxembourg to jurisdictions that are considered non-cooperative escaping taxation or being subject to only low taxation, insofar as these payments are not subject to any taxation or are only lightly taxed in such jurisdictions.
2025 CSR 2				
2.1 to ensure the effective implementation of its recovery and resilience plan, including the REPowerEU chapter		Implemented	Implementation of the Recovery and Resilience Plan (RRP) **(04/2021)**	• Implementation of the Recovery and Resilience Plan (RRP) in accordance with the milestones and targets set out in the Council Implementing Decision and its annex of 13 July 2021, as amended on 17 January 2023, 23 September 2024 and 14 April 2025. • During 2025, significant progress was made on the four pillars of the RRP, namely social cohesion and resilience, green transition and digitalisation, innovation and governance, and the REPowerEU chapter.

				• By mid-2025, more than half of the milestones and targets for projects under the RRP had been achieved. On 18 December 2024, the second payment request for €58 million was submitted to the European Commission and disbursed on 17 June 2025. • The implementation of the RRP continues in 2025 with the submission of a new draft amendment to the RRP in September and the submission of a payment request at the end of the year.
		Implemented	Implementation of the REPowerEU chapter **(07/2024)**	• Luxembourg's REPowerEU chapter was approved by the European Commission on 23 July 2024 and adopted by the Council on 23 September 2024. The REPowerEU chapter is now an integral part of the amended Recovery and Resilience Plan. • The investments selected under REPowerEU have already been adopted at national level and their implementation has already begun.
2.2 Accelerate the implementation of cohesion policy programmes (ERDF, CF, ESF+) by drawing, where appropriate, on the possibilities opened up by the mid-term review		Implemented	Submission and approval of the Partnership Agreement and the respective operational programmes **(12/2022)**	• The Partnership Agreement (joint ESF-ERDF document) and the operational programmes (including the JTF) were adopted by the European Commission in December 2022. • As of 31 December 2024, the ERDF managing authority confirms that 16 projects have been approved for a total amount of EUR 19.7 million, representing 93.4% of the total financial allocation. It should be noted that the axes dedicated to renewable energy production, sustainability and energy efficiency, as well as the Just Transition Fund, have been 100% contracted. A second call for projects, focused on the RDI axis, was published in mid-September 2024.
2.3 Making the most of EU instruments, including the scope offered by InvestEU and the Strategic Technologies for Europe platform, to improve competitiveness		Implemented	Mid-term evaluation of the implementation of the ERDF operational programme and unlikely use of the STEP measure **(report date January 2024)** Mid-term evaluation of the ESF+ operational	• The Luxembourg ERDF managing authority has decided to use external expertise for the mid-term review. • On 21 September, a second call for projects was launched, which will enable the entire financial allocation for the 2021-2027 programming period to be committed. • With regard to the 2014-2020 operational programme, the Luxembourg ERDF managing authority has decided to use the 'STEP' option, which allows the end date of the programme to be extended in order to take into account a balance of EUR 10.7 million from the Covid-19 project and to offset the ineligible expenditure of the RGTR project under React-EU.

			programme and reduced likelihood of recourse to the STEP measure **(report – March 2025)**	• The ESF+ Managing Authority used external expertise in the mid-term review. As a result, the programme was modified to better respond to the realities on the ground and the expectations of project promoters. • There are currently no plans to use the STEP measure. • The 2014-2020 programme was closed with a consumption rate of 100%. This means that the Community budget of EUR 92 million (including EUR 73 million under the REACT-EU scheme) has been fully utilised.
2025 CSR 3				
3.1 Focus economic investment policy on promoting innovation and supporting R&D-intensive activities		Announced	Reduction in the rate of corporation tax (IRC) **(12/2024)**	• The law of 20/12/2024, also known as the "Entlaaschtungspak", provides for a reduction in the corporate income tax rate from 17% to 16% (and from 15% to 14% when taxable income does not exceed €175,000, with an intermediate rate between €175,000 and €200,000). Taking as a reference the commercial tax rate currently in force in the City of Luxembourg, the overall tax burden (i.e. the sum of corporation tax, the contribution to the employment fund and business tax) for a company established in the City of Luxembourg will thus decrease from 24.94% to 23.87% from the 2025 tax year onwards. For small businesses, the rate will fall from 22.80% in 2024 to 21.73% in 2025.
		Announced	Establishment of a science and technology park **(11/2023)**	• This park will be dedicated to collaborative research activities involving innovative companies, start-ups and public research.
		Announced	Luxinnovation has announced the launch of a new programme, Fit 4 Digital – AI, dedicated to artificial intelligence **(10/2024)**	• The new *Fit 4 Digital – AI* programme will enable companies to carry out an assessment of their capabilities and opportunities for adopting artificial intelligence solutions and to define a detailed and costed action plan for implementing the solutions identified in this assessment.
		Announced	Promote the country as a *Start-up Nation* by entering into international partnerships and implementing a roadmap to develop the start-up ecosystem **(11/2023)**	• In accordance with the 2023-2028 coalition agreement, which provides for support for start-ups, a draft bill is being finalised that should allow any resident individual taxpayer to receive a tax credit for investing in an innovative start-up. • In accordance with the 2023-2028 coalition agreement, initial discussions have been held with a view to introducing a specific tax framework applicable to employees who hold shares in the company that employs them.
		Announced	Assessment of the advisability of creating a	• A working group will be set up to develop a coherent approach for the transfer of intellectual property from research institutions to start-up companies.

			technology transfer agency. **(11/2023)**	
		Announced	Submission of a bill aimed at renewing the research, development and innovation aid schemes in **September 2023.**	• The bill aims to organise calls for projects with a view to granting aid to research and development projects in line with the strategic guidelines adopted to diversify and transform the Luxembourg economy in accordance with the green and digital transition objective. Projects selected following these calls for projects will be eligible for higher levels of aid.
		Completed	Supporting collaboration between public research institutions and the private sector in the field of research and innovation	• The National Research Fund (FNR) has set up various funding instruments to support collaborations, such as the JUMP and KITS programmes, which aim to facilitate technology transfer, and the BRIDGES, Industrial Fellowships and Industrial Block Grant (IPBG) programmes, which aim to support research and innovation collaborations between public research institutions and Luxembourg or international companies. • Technology transfer and support for research and innovation collaborations between public research institutions and Luxembourg or international companies
3.2 Boost competitiveness, in particular by promoting diversification, especially in the financial sector, accelerating digitalisation, in particular the adoption of advanced digital technologies by SMEs, and promoting business expansion and productivity growth.		Completed	Diversification of the financial sector	• Luxembourg's financial sector is already highly diversified. At the end of 2023, the banking sector comprised 118 institutions operating under different models (universal/retail banks, private banks, corporate finance banks and custodian banks). With the exception of custodian banks linked to investment funds, these models are independent of the fund sector and are diversified in terms of activities, geographical exposure, risks and income. The origin of banking groups is also highly diversified. • Beyond the banking sector, there are investment funds, including Undertakings for Collective Investment in Transferable Securities (UCITS), Alternative Investment Funds (AIFs), which also encompass other sub-segments, Money Market Funds (MMFs), as well as insurance companies, Fintechs/payment institutions/electronic money institutions, etc. In particular, there has been positive diversification of assets in retail and, increasingly, in alternative or private assets. • Other financial sectors, such as insurance, have also experienced significant growth, leading to greater diversification.
			The SME cyber package for SMEs was launched on **11/03/2025**.	• The SME cyber package is part of a grant procedure that first identifies the specific needs of SMEs and then directs them to service providers capable of delivering the necessary services or managing the necessary infrastructure.

				• The SME cyber package provides for aid intensity of 70% up to an amount of €17,000. • Strengthening SMEs against cyberattacks
3.3 Reducing barriers to competition in regulated business service professions		Completed	Adaptation of the right of establishment (Law of 18 July 2018), in force since July 2018.	• Substantially simplify access to commercial activities and services.
		Completed	Bill No. 7989 amending the right of establishment (Law of 2 September 2011 governing access to the occupations in craft trades, business and industry and to certain liberal professions).	• Promote and facilitate access to professions by creating a framework adapted to today's business world. • 01/09/2023: entry into force of the Law of 26 July 2023 amending the amended Law of 2 September 2011 governing access to occupations in craft trades, business and industry and to certain liberal professions.
		Deleted	Bill No. 6795 amending the Law of 13 December 1989 on the organisation of the professions of architect and consulting engineer.	
		Announced	Bill No. 7932 on the practice of the liberal professions in the construction and land use planning sectors	• 17/12/2021: submitted to Parliament • This new text is a recast of the legislation on architects and construction engineers and will replace the Law of 13 December 1989 on the organisation of the professions of architect and consulting engineer after its entry into force.
		Deleted	Draft analysis of the rules governing accountants and chartered accountants following the proposed changes to the right of establishment.	• Remove any regulatory restrictions in the business services sector.
		Completed	Draft law No. 7478 on a proportionality check prior to the adoption of new regulations governing	• Assess the proportionality of new provisions regulating access to and exercise of regulated professions. • 05/11/2021: entry into force of the Law of 2 November 2021 on proportionality checks prior to the adoption of new regulations governing professions.

			professions (Directive (EU) 2018/958 on a proportionality check).	
		Completed	Bill No. 8220 amending the Law of 2 November 2021 on proportionality checks prior to the adoption of new regulations governing professions	• Addition of the obligation to assess the proportionality of amendments, drafts or proposed amendments to provisions regulating access to and the exercise of regulated professions. • Greater transparency by including the obligation to publish any draft provisions issued by a public institution or professional body before their adoption. • 28/07/2023: entry into force of the Law of 21 July 2023 amending the Law of 2 November 2021 on proportionality checks prior to the adoption of new regulations governing professions.
		Announced	Bill No. 8472 regulating opening hours in the trade and crafts sector	• 20/12/2024: submitted to Parliament. • Adjustment of retail opening hours, in particular the extension of opening hours. • Alignment of the legislative text with constitutional requirements following the conclusions of a ruling by the Constitutional Court on 17 March 2017. • Response to a request to adjust opening hours in the trade sector. • The new opening hours are not mandatory, but remain optional, allowing retailers greater flexibility and freedom to adapt to the needs of their customers. • Facilitation of administrative procedures as part of administrative simplification.
		Announced	Bill No. 8599 on access to and training for the professions of barrister, solicitor, notary and bailiff, amending: 1) the amended law of 4 December 1990 on the organisation of the bailiff service and 2) the amended law of 10 August 1991 on the profession of solicitor	• 30/07/2025: submitted to Parliament.
		Announced	Draft law amending the right of establishment (Law of 2 September 2011 governing access to the	• Creation of establishment notification

			occupations in craft trades, business and industry and to certain liberal professions).	
2025 CSR 4				
4.1 Improve the sustainability and efficiency of transport by further promoting its decarbonisation and investing in public transport infrastructure and cross-border network.		Implemented	Continued roll-out of public charging stations for electric cars **(01/2021)**	• Continued deployment of public charging stations for electric cars (700 installed). In January 2021, the first of 88 public fast-charging stations were installed.
		Announced	Establishment of a subsidy scheme for the purchase of clean vehicles for e freight transport **(03/2022)**	• Further promote the purchase of clean vehicles.
		Completed	Development and presentation **(04/2022)** of the National Mobility Plan (PNM 2035)	• The PNM proposes a comprehensive concept capable of managing 40% more journeys than in 2017 and implementing the approaches recommended by the Modu 2.0 strategy. • The PNM2035 strategy will be transposed into the sectoral master plan for transport, allowing the land necessary for the implementation of transport infrastructure projects to be reserved. The amendment to the PST in general will be preceded by an amendment to the PST in the municipalities of Nordstad in order to establish legal and planning certainty and to guarantee the necessary reservations for the implementation of transport infrastructure projects in the Nordstad conurbation.
		Implemented	Continue to develop and improve connections within the rail network	• The possibilities for doubling all existing railway lines, in particular the section between Sandweiler/Contern and Oetrange on the line from Luxembourg to Wasserbillig, as well as the section between Ettelbruck and Troisvierges-frontière on the northern line, will be examined. • Existing railway lines will be better connected to each other, and the construction of new railway lines will be studied.
		Implemented	Adaptation of the national rail network to TEN-T Regulation (EU) 2024/1679 of **13 June 2024.**	• The following projects have been identified: ○ Redevelopment of Bettembourg station – passenger sector (draft law submitted to the Chamber of Deputies) ○ Redevelopment of Wasserbillig station with construction of a P&R car park (project postponed following a cancelled tender) ○ Extension of the Syren sidings to accommodate trains with a length of 740 metres (studies in progress)

				○ Adaptation of a section of track to allow trains with a length of 740 metres to pass (studies underway) ○ Reconstruction of a bridge over the railway tracks in Oberkorn (under construction) • Three requests for exemptions under Article 16 of the Regulation have been sent to the European Commission. The Commission has requested further details.
		Implemented	Adaptation of the 'Klimabonus Mobilitéit' from 1 **October 2024**	• Maintain the subsidy for the purchase of a 100% electric or hydrogen fuel cell car at a maximum of €6,000. • Determine the amount granted according to environmental and social criteria • Extend the period of ownership of the car required to qualify for a subsidy from one to three years. • A €1,500 bonus for used 100% electric cars over three years old will also be introduced. • This adjustment is also linked to the desire to target aid towards those who need it most in order to access CO2-free vehicles.
		Implemented	Implementation of the Transport Sector Plan (PST) framing the "MoDu 2.0" strategy	• Transposition of the PNM into the sectoral master plan for transport, allowing the land necessary for the implementation of transport infrastructure projects to be reserved.
		Completed	Acquisition of five 100% electric buses by the TICE inter-municipal syndicate **(2024)**	• 50% co-financed by the ERDF, via the Just Transition Fund. • Delivery and implementation in the last quarter of 2024. • Sustainable public transport
		Completed	Acquisition of 8 buses equipped with fuel cells (hydrogen) by the TICE inter-municipal syndicate **(2024)**	• 50% co-financed by the ERDF, via the Just Transition Fund. • Pilot project in Luxembourg. • Delivery and implementation planned for the last quarter of 2024. • Sustainable public transport.
		Implemented	Pursuit of the *zero-emission* target by 2030 through the introduction of electric buses on the RGTR national bus network. **(09/2020)**	• Through the REACT-EU measure, the ERDF is co-financing the overhaul of the RGTR electric bus network to the tune of EUR 35 million. Following the ongoing legal proceedings, the estimated ineligible amount will be offset, with the agreement of the EC, by the Covid-19 vaccination campaign. In this way, EU funds will not be lost.
		Implemented	Promoting the use of public transport and	• Developing an efficient public transport infrastructure with a view to reducing GHG emissions and traffic congestion by reducing private transport.

			sustainable mobility: the 'MoDu 2.0' strategy	
		Implemented	Continuation of work to bring a *tramway* into service in Luxembourg City	• Order new rolling stock. • Develop efficient and sustainable public transport that takes into account the economic and demographic development of the capital and the country.
		Completed	Entry into force of a subsidy scheme for companies investing in electric vehicle charging infrastructure (**07/2022)** **PNEC Measure No. 425**	• Axis 1 allows for the granting of aid for charging infrastructure following a competitive tendering process. • Axis 2 allows for the granting of aid for charging infrastructure, reserved for SMEs. • The law also provides for the adaptation of the "Chargy" and "SuperChargy" network organisation in accordance with the new European legislative framework.
		Completed	Reorganisation of the RGTR national bus network	• Partially co-financed by the ERDF via React-EU, to the tune of EUR 35 million. Following the ongoing legal proceedings, the amount deemed ineligible will be offset, with the agreement of the EC, by the Covid-19 vaccination campaign. In this way, Community funds will not be lost. • Prioritise and optimise regional bus routes, improve services on Sundays and public holidays, and improve evening frequencies.
		Completed	Acquisition of 10 fully electric buses by the City of Luxembourg	• 40% co-financed by the ERDF • Sustainable public transport
		Completed	New financial aid scheme for the installation of electric charging stations at home (08/2020) PNEC measure No. 424	• Support the transition to electric mobility and ensure the autonomy of electric vehicles in Luxembourg. • The amount allocated ranges from EUR 750 to EUR 1,650 depending on the type of installation and may not exceed 50% of the purchase price (excluding VAT).
		Completed	Free national rail, *tram* and bus travel **(2020)**	• Promote the use of public transport
		Completed	Development of a near real-time telematic information system for public transport	• Make mobility more enjoyable, efficient and economical.
		Completed	Introduction of a CO_2 tax on fossil fuels and fuels, amounting to €20 per	• Reducing greenhouse gas emissions and protecting the climate.

			tonne of CO_2 **(2021)** and increased by €5 per tonne of CO_2 each year – currently (2025) this tax amounts to €40 per tonne of CO_2.	
		Completed	Increase in subsidies for electric vehicles, quadricycles, motorcycles, mopeds, bicycles and pedal-assisted cycles.	• Encourage sustainable mobility.
		Completed	Investments in rail infrastructure between 2018 and 2023.	• Investments made between 2021 and 2024: €1.3 billion • Planned investments 2025–2028: €2.3 billion
		Completed	Extension of the financial aid scheme known as "*Clever fueren*" **(09/03/2022)**	• Extension for an additional 24 months until 31 March 2024.
		Completed	Entry into force of the law of **26 July 2022** on the aid scheme for companies investing in electric vehicle charging infrastructure.	• Enabling the implementation of aid measures for companies investing in charging infrastructure for electric vehicles.
4.2 Reduce overall dependence on fossil fuels by investing in energy efficiency in both the residential and non-residential sectors		Announced	Establishment of a pre-financing procedure for solar photovoltaic installations **(06/2025)** **PNEC Measure No. 309**	• Installers participating in the system will have to apply the subsidy directly to the final invoice sent to the customer. The subsidy, if granted, will be reimbursed to them by the State as soon as possible. • The bill introducing a pre-financing procedure for solar photovoltaic installations was tabled on 22 November 2024.
		Implemented	Development of a decarbonisation strategy for the state administration **(2024)** **PNEC Measure No. 109**	• The strategy will aim to achieve climate neutrality in the state administration by 2040 and will cover, in particular, the state's and public institutions' real estate portfolio, vehicle fleet and public procurement in general.

		Completed	Implementation of a new tariff structure on the electricity market **(January 2025)** **PNEC Measure No. 1006**	• The Luxembourg Regulatory Institute (ILR) and network operators introduced this measure on 1 January 2025. • Respond to changes in network usage in the context of the energy transition by offering a fairer tariff structure which, in the long term, will encourage consumers to be more flexible in their use of the networks and to make better use of existing networks.
		Implemented	Accelerate authorisation procedures for renewable energy production facilities, such as photovoltaic installations, wind turbines and heat pumps, and standardise the conditions to be met for authorisations **(04/2025).** **PNEC Measure No. 203**	• Accelerate and, where appropriate, simplify authorisation procedures on the basis of Council Regulation (EU) 2022/2577 of 22 December 2022. • Establishing a framework to accelerate the deployment of renewable energies. • Revision of the RBVS (Model Regulations on Buildings, Public Roads and Sites) to adapt it to decarbonisation requirements (heat pumps) and accelerate the deployment of renewable energies, with the aim of harmonising the requirements of the regulations in force at municipal level. A manual containing all the procedures to be followed for the various technologies has been published and will serve as a tool for both private individuals and project developers. • A national consultation entitled "Einfach - Séier - Erneierbar" has been launched between stakeholders in the sector and the relevant ministries. • Specific working groups have been set up.
		Completed	Update of the Integrated National Energy and Climate Plan (PNEC) for the period 2021-2030 **(17/07/2024)**	• The Integrated National Energy and Climate Plan (INECP) has been updated.
		Implemented	"Klimabonus Wunnen": as part of the PNEC update, this state aid scheme will see the gradual introduction of pre-financing arrangements to facilitate access to low-carbon solutions for all citizens **(12/2025).** **PNEC Measure No. 309**	• These pre-financing arrangements should accelerate energy renovations, especially for low-income households that were unable to advance the costs of the work while waiting for part of them to be reimbursed.
		Completed	Preparation and publication of *the Network Development*	• Provide a comprehensive overview of the existing electricity infrastructure and planned modifications and improvements to the high-voltage network.

			Plan by Creos Luxembourg S.A. **(20/08/2021)** A new version of the plan, covering the period between 2024 and 2034, is currently being drawn up by the transmission system operator. **(15/03/2024)**	
		Adopted	Co-financing of green projects by the ERDF	• In its 2021-2027 operational programme, the ERDF has provided for the co-financing of green projects, i.e. investments in renewable energy and energy efficiency, as well as sustainable urban mobility. • Promote renewable energy production, energy efficiency and sustainable mobility. • It should be noted that the areas dedicated to renewable energy production, sustainability and energy efficiency (6 projects) and the Just Transition Fund (4 projects) are 100% agreed. The list of projects can be consulted at www.feder.lu.
		Implemented	Agreement on an additional support package to promote the transition to renewable energies and energy renovation **(28/09/2022)** **PNEC Measure No. 307** **PNEC Measure No. 213**	• Increase in the replacement bonus to 50%, increasing the "*Klimabonus*" financial aid allocated in the case of the replacement of an existing fossil fuel boiler or existing electric heating combined with an improvement in the energy performance of the heating system through the installation of a heating system based on renewable energy (heat pump, hybrid heat pump and wood-fired boiler); measure valid for all installations ordered between 1 November 2022 and 31 December 2023; • 25% supplement on the "*Klimabonus*" financial aid allocated for solar photovoltaic installations (≤ 30 kW) provided that the applicant undertakes to operate their installation in self-consumption mode or as part of an energy community; measure valid for all orders placed between 1 January 2023 and 30 September 2024; • From 1 October 2024, financial assistance for photovoltaic installations (≤ 30 kW) will be reduced to 50% of the actual costs for installations ordered from 1 October 2024, with a ceiling of €1,250 per kW peak. • 25% supplement on "*Klimabonus*" financial assistance allocated for sustainable energy renovation; valid for all applications for an agreement in principle made between 1 November 2022 and 31 December 2023;

				• Application of a reduced VAT rate of 3% to new photovoltaic installations for which the invoice is issued after 1 January 2023; • Suspension of the reduction in remuneration for new photovoltaic installations as of 1 January 2023; • Stabilisation of the 2023 electricity price at the 2022 level for category A supply points through a negative contribution financed by a State subsidy. The measure has been renewed for 2024 and 2025 for category A, with half of the 60% increase in electricity prices forecast for this year being financed, i.e. 30%; • Implementation of a measure to mitigate pellet price increases for households that use this energy source for heating. Pellet prices are soaring due to high demand and the scarcity of fossil fuels. The price of pellets has doubled or even tripled in recent months (from €200-250 to €500-600 per tonne). The measure will end on 31 December 2024. • On 10 January 2024, the Government Council adopted a draft law and a draft Grand Ducal regulation aimed at extending the 'top-ups' of the 'Klimabonus Wunnen' financial aid scheme by six months, i.e. until 30 June 2024, to promote sustainability, rational energy use and renewable energies in the housing sector, introduced following the tripartite negotiations at the end of 2022. As part of the update to the PNEC, a renewal of the 'top-ups' allocated for energy renovation and the replacement of fossil fuel-fired boilers has been adopted for the remaining duration of the support programme (projects initiated by the end of 2025).
		Adopted	Law of 31 March 2025 on the establishment of hydrogen transport networks **(07/2023)** **PNEC Measure No. 218**	• Accelerate the rapid and efficient development of the European renewable hydrogen market and reap the benefits for the energy transition • Procedures for appointing a network operator • This draft law establishes an initial regulatory framework for the planning, development, implementation and operation of hydrogen transport infrastructure in Luxembourg, including interconnections with neighbouring countries.
		Announced	Adoption of the draft law on energy transition by the Government Council **(07/2023)**	• This draft law establishes a regulatory framework to accelerate energy efficiency and the development of renewable energies within the national territory, and to facilitate European cooperation in the field of renewable energies. • It incorporates the objectives set out in the National Integrated Energy and Climate Plan (PNEC), with the overall goal of climate neutrality by 2050.

				• Among other things, the draft law introduces new measures such as the obligation to construct new industrial buildings and new parking areas in such a way that they are ready to accommodate photovoltaic installations. • With the publication of the new Directive (EU) 2023/1791 of the European Parliament and of the Council of 13 September 2023 on energy efficiency, the draft law on energy transition is now being adapted through government amendments, which will be introduced in the coming months to transpose certain new European obligations or revised existing European provisions, such as those relating to energy management systems, energy audits and data centres.
		Adopted	Law of 9 June 2023 amending: • 1° the amended Act of 1 August 2007 on the organisation of the electricity mark • 2° the amended law of 1 August 2007 on the organisation of the natural gas market.	• Transposition of Directive (EU) 2019/944
		Implemented	Grand Ducal Regulation on the energy data platform **(29/09/2023)** PNEC measure No 1004	• Grand-Ducal Regulation on the energy data IT platform published on 24 October 2024 • Established the framework for the transmission system operator, in this case Creos Luxembourg S.A., to develop and deploy, in consultation and collaboration with other electricity and natural gas companies, an energy data IT platform aimed at facilitating secure access to energy data and making market communication more efficient. It will improve the transparency and efficiency of the electricity and natural gas market, facilitate new services such as the active participation of demand in balancing the system, and help the market to take advantage of technical and economic efficiency gains, particularly for large energy customers. It will also ensure compliance with data protection as an integral feature of the processing carried out on the platform. • The platform was officially launched by Creos in March 2025.

		Implemented	Refinement of the solar cadastre	• Simplify and accelerate the exploitation of solar energy potential.
		Implemented	Study on the deployment of photovoltaic installations and wind turbines along motorways, and for wind power in particular, installation in business parks and near forests with low ecological value (01/2025)	• A study is currently being finalised on the feasibility of installing photovoltaic panels/parks or wind turbines along motorways, and for wind turbines in particular, on their installation in craft or industrial activity zones and near forests of low ecological value. • Measures 22 / 25 / 26 from the "Einfach – Séier – Erneierbar" catalogue.
		Implemented	Prioritise social, circular and decarbonised criteria in national public procurement	• Public procurement will be activated in a coordinated and consistent manner at national and municipal level, prioritising social, circular and carbon-free criteria to guide and support participating companies in their energy transition, circular economy and innovation strategies. • The government will conduct an analysis of the effectiveness of the Public Procurement Act.
		Implemented	Implementation of the biogas strategy **(June 2023)**	• The strategy was developed in 2022, as planned by the PNEC in 2020. The strategy was published in June 2023 and feed-in tariffs were revalued; • Exploit the potential of livestock manure and mobilise the potential of bio-waste and green waste.
		Implemented	New 380 kV extra-high voltage interconnection infrastructure between Germany and Luxembourg **(2024)** **PNEC measure No. 1001**	• In cooperation with the German transmission system operator Amprion, Creos plans to build a 380 kV high-voltage line from Bertrange to Aach (Germany) via Bofferdange, as well as a 380/220/110-65 kV transformer station near Bofferdange/Altlinster. • Ultimately, the existing infrastructure, which dates back to the 1960s, will no longer be able to reliably meet the ever-increasing demand for electricity due to the country's strong economic and demographic growth. • This new construction project will modernise the grid, guarantee national security of supply and improve the quality of life for the entire population.
		Implemented	Upscaling of the pilot project "Zesumme renovéieren" (measure PNEC 327 National entity	• In 2023, Klima-Agence launched the "Zesumme renovéieren" initiative (https://www.klima-agence.lu/fr/zesumme-renoveieren, translation: "Renovating together"), with the aim of increasing the rate of building renovation by structuring and intensifying advice and support for building owners throughout

			supporting energy renovation, decarbonisation and the installation of photovoltaic systems for residential buildings, and **measure PNEC 328** Pilot project "neighbourhood renovation – Differdange")	the renovation process, in cooperation with local authorities and private actors such as tradespeople, banks and energy advisers. A neighbourhood manager facilitates contact between owners and market actors. • The pilot project, in partnership with the City of Differdange, started in April 2023, with the support of the European Union (50% co-financing by the ERDF via the Just Transition Fund, also to combat energy poverty). • Launched in March 2025, in collaboration with the municipality of Niederanven, the "Niederanven is insulating now!" initiative marks the first step in the roll-out at national level.
		Completed	Grand Ducal Regulation of 9 June 2021 on the energy performance of buildings **PNEC 301 measure**	• The regulation defines the energy efficiency requirements for new residential and non-residential buildings, as well as the minimum requirements to be met in the case of energy renovation. It also defines the calculation methodology and content of the energy performance certificate, including the energy and environmental performance indicators to be indicated. • The benchmark for all new buildings is now the heat pump (i.e. for all new buildings for which a building permit is requested from 1 January 2023 onwards), making it virtually impossible for a new building (residential and functional buildings) to be equipped with a fossil fuel-based boiler.
		Announced	Energy renovation obligation for functional buildings **PNEC measure 304**	• See PNEC measure 304
		Announced	Energy renovation obligation for public buildings **PNEC measure 303**	• See PNEC measure 303 and related measures: 319 Leading role of the State with regard to buildings, 321 Leading role of municipalities with regard to to buildings and 320 Leading role of the public sector in energy efficiency.
		Completed	CO2 tax **PNEC measure 105**	• See PNEC measure 105
		Announced	Draft law on an investment aid scheme for energy efficiency improvements to functional buildings	• The draft law introduces a new framework for state aid to businesses and individuals promoting energy efficiency improvements in functional buildings as part of the decarbonisation objectives for the building stock set out in the National Integrated Energy and Climate Plan (PNEC). • Efforts to improve the energy performance of functional buildings will focus on the one hand, on energy renovation through the improvement of the thermal envelope and decarbonisation through the phasing out of fossil fuels used for

				heating and, on the other hand, on compliance with future minimum energy performance standards for non-residential buildings. • The draft law provides applicants with visibility on the aid and subsidy rates applicable during the voluntary phase, in order to encourage owners to renovate their buildings before the future minimum energy performance standards for non-residential buildings come into force on the basis of Article 9 of Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings (see measure PNEC 304).
		Completed	Business support schemes	• See PNEC measures 513 Fit4Sustainability, 514 SME Packages Sustainability, 515 General aid for SMEs - Investment aid, 516 Aid scheme for businesses - environmental and climate protection.
		Completed	Aid scheme for municipalities **PNEC measure No 314**	• Municipal administrations, municipal associations and public institutions under municipal supervision are eligible for financial aid for energy efficiency and renewable energy projects. • The current scheme will be reviewed and strengthened in order to better support municipalities in their decarbonisation efforts.
		Completed	Energy efficiency obligation scheme (EEOS) **PNEC Measure No. 121**	• The Energy Efficiency Obligation Scheme (EEOS) was revised in 2021 for the second period covering the years 2021 to 2030.
		Completed	Climate and Energy Fund **PNEC Measure No. 103**	• The purpose of the fund is to contribute to the financing of national measures implemented to combat climate change and measures in developing countries.
		Completed	Extension of the "Klimabonus" state aid programme **(07/04/2022)** **PNEC Measure No. 307**	• Extension of the "PRIMe House" programme, now called "Klimabonus" for the scheme from 2022 onwards. • This is a financial aid scheme aimed at promoting sustainability, rational energy use, decarbonisation of heating systems and the use of renewable energies in the housing sector.
		Completed	Publication and implementation of the hydrogen strategy **(27/09/2021)**	• Support the progress of the energy transition in certain sectors that are difficult to decarbonise through direct electrification. • Begin with the implementation of the seven measures of the hydrogen strategy, including regular consultations with the H2 Taskforce. • An update to the hydrogen strategy is planned for 2025.
		Completed	Publication of a call for tenders for the construction and operation of agrivoltaic	• The October 2022 pilot project resulted in a target of 52 MW by the end of 2023, to be installed by 2025. • The 2025 call for tenders for so-called "agrivoltaic" photovoltaic power plants aims to install photovoltaic panels in agricultural areas with a view to ensuring

			solar power plants **(15 February 2025)** **PNEC measure No. 209**	continuous agricultural operation and improving the ecological quality of the area concerned. • If the tenderer is not the farmer, the farmer must hold at least 20% of the capital of the legal entity that is the project tenderer.
		Completed	Calls for tenders for large photovoltaic projects: • Call for tenders based on a 15-year market premium contract • Call for tenders based on investment aid **PNEC Measure No. 206 + 208**	• Two calls for tenders, namely the 7th tender based on a 15-year market premium contract and the 4th tender based on investment aid, were launched on 19 July 2025 for large-scale photovoltaic installation projects, including for the first time an innovative lot targeting photovoltaic panels integrated into facades and lightweight modules. • Annual launch of tenders planned • For 2030, the update of the PNEC for the period 2021-2030 forecasts renewable electricity production based on photovoltaic energy of 1,112 GWh.
		Completed	Promoting the exploitation of solar energy potential by extending the scope of guaranteed tariffs **(29/09/2020)**	• Promote the exploitation of photovoltaic energy by extending the scope of guaranteed tariffs for the 30 to 200 kW categories to all beneficiaries and by adjusting feed-in tariffs.
		Completed	Accelerate authorisation procedures for renewable energy production facilities **(15/09/2023)** **PNEC Measure No. 203**	• Speed up authorisation procedures for renewable energy production facilities, such as photovoltaic installations, wind turbines and heat pumps, and standardise the conditions to be met for authorisations (see circular to municipalities No. 2023-119 of 15 September 2023). • Revision of the RBVS (Model Regulations on Buildings, Public Roads and Sites) and certain model texts for PAPs in order to adapt them to decarbonisation requirements (heat pumps) and accelerate the deployment of renewable energies, with the aim of harmonising the requirements of the regulations in force at municipal level. • Measures 1 to 12 of the "Einfach – Séier – Erneierbar" catalogue covering the general aspects of authorisation procedures.
		Completed	Extension of the Voluntary Agreement (VA) on improving energy efficiency and decarbonisation in	• Inclusion of decarbonisation in the new VA with the introduction of a decarbonisation index, which complements the energy efficiency index (the use and, in particular, self-consumption of renewable energy are also taken into account).

			Luxembourg industry for the period 2024 to 2028. **PNEC measure No. 504**	
		Completed	Climate pact for businesses (SMEs) (*Klimapakt fir Betriber*) **PNEC measure No. 511 (launch 10.01.2023)**	• The programme aims to support businesses in decarbonisation and energy transition through a structured and coordinated approach that facilitates the use of various initiatives, programmes, support and financial aid. • Catalogue of ready-to-implement measures and innovative solutions. • Continuous development of the programme: advice, assistance, tools.
		Announced	Climate Pact for inter-municipal associations working in the fields of drinking water, wastewater treatment and waste management. **PNEC Measure No. 107**	• The programme aims to reduce greenhouse gas emissions linked to the activities of these associations.
4.3 Modernise the high-voltage network and increase its capacity, improve cross-border interconnections and facilitate permit procedures for the deployment of renewable energy sources.		Announced	To this end, a new 380 kV interconnection line between Germany and Luxembourg will be commissioned. In order to facilitate the integration of more electricity generation from renewable energy sources, particularly in the north of the country, Creos is in the process of strengthening its high-voltage network and will eventually replace the 65 kV lines with 110kV lines.	• In the electricity sector, security of supply takes into account the country's economic and demographic developments, the significant electrification of various sectors (particularly heating) and the integration of renewable energies. • On 12 November 2024, Creos received the reasoned conclusion from the Ministry of the Environment concerning the construction of the new 380 kV extra-high voltage power line between Aach (Germany) and Bertrange (Luxembourg). This publication marks the completion of the Environmental Impact Assessment (EIA) procedure for Project 380, a key milestone in the project's progress.
		Completed	High-voltage electricity network development plan	• The transmission system operator published its high-voltage grid development plan in March 2024.

		Implemented	Low and medium voltage electricity network development plan	• Distribution system operators are currently preparing their low and medium voltage network development plans, which are scheduled to be published at the end of 2025
4.4 Helping municipalities deploy renewable energies		Completed	Climate Pact 2.0 with municipalities **PNEC Measure No. 106**	• Through their commitment to the Climate Pact, municipalities are rallying behind the objectives set by the PNEC and actively working to promote climate protection and energy transition. • Three areas of development have been identified and determined for the Climate Pact 2.0: ○ Quantification using centralised indicators ○ Improvement of the working environment for municipalities ○ Greater involvement of citizens, businesses and other local and regional stakeholders
2025 CSR 5				
5.1 Improve student performance and ensure equal opportunities in schools, in particular by adopting a national framework for quality education and an external school evaluation system, and by adapting teaching to the needs of disadvantaged students and those from different linguistic communities		Completed	Creation of six accredited European schools since 2016.	• Luxembourg now has six accredited European schools, located in all regions of the country: the International School of Differdange and Esch-sur-Alzette (EIDE), the Lënster Lycée International School (LLIS), the Edward Steichen International School (EIES), the International School of Mondorf-les-Bains (EIMLB), the Anne Beffort International School in Mersch (EIMAB) and the Gaston Thorn International School (EIGT) in Luxembourg City. • Students from four public European schools in Luxembourg, namely the International School of Differdange and Esch-sur-Alzette (EIDE), the Lënster Lycée International School (LLIS), the Edward Steichen International School (EIES) and the International School of Mondorf-les-Bains, obtained the European Baccalaureate this year. The pass rate of 98.9% (260 out of 263 pupils) is a very positive result for this educational programme, which is undoubtedly the most significant innovation in education policy in recent decades. • New accredited European schools are to be created in the conurbations of Esch-sur-Alzette and Schifflange and in the canton of Rédange. In addition to the Gaston Thorn International School (EIGT), which will continue to develop in the coming years, a second accredited European school will be established in the greater Luxembourg City area in the coming years. • A range of diverse language courses is being introduced to better suit the diverse profiles of pupils. In addition to these schools, the school system also offers international courses:
		Implemented	Development of the international programme (announced in 2023, Coalition Agreement)	
		Completed	International courses leading to the International Baccalaureate or A-Levels diplomas, German-Luxembourg Lycée. (09/2017 International Baccalaureate Athénée)	

				○ French-language International Baccalaureate programmes in all regions of the country, specifically at the Lycée technique d'Ettelbruck (LTEtt), Lycée Mathias Adam in Pétange (LMA) and Lycée technique du Centre (LTC). ○ English-language International Baccalaureate at the Athenée du Luxembourg (AL) in Luxembourg City • British programme (Cambridge, A-Levels) at the Lycée Michel Lucius in Luxembourg City (LML)
		Implemented	A "one-stop shop" for inclusive education **(2025)**	• From mid-October 2025, an online portal dedicated to inclusive education will be accessible to the public. Designed by the National Inclusive Education Service (SNEI) at the request of the Ministry, it responds to the findings of the 2022 evaluation of the system for supporting pupils with special educational needs, which highlighted the need to simplify procedures, reduce delays and make information more accessible to families and professionals. This portal aims to facilitate the care of students with special educational needs by bringing together essential information, improving interaction with services and enabling online procedures to be carried out via myEduguichet, the Ministry's online services catalogue. The portal will also offer other features, including an interactive map of the system's stakeholders and an information search tool to guide users and provide them with targeted answers. Once it is up and running, parents and students over the age of 18 will be able to directly contact the inclusion commissions for primary education and secondary education, the National Inclusion Commission (CNI) and the Reasonable Accommodations Commission (CAR). The system will ensure secure transmission of referrals and offer the possibility of tracking the progress of cases in real time. As part of a strategy of modernisation and transparency, this portal represents a key step towards an inclusive education system that is even more accessible and responsive to the needs of families and stakeholders in the education sector. • In a second phase, during 2026, the Inclusion Portal will be expanded as part of a hybrid strategy, promoting meetings between stakeholders, parents and beneficiaries, and ultimately providing for the establishment of a physical reception area in one or more dedicated locations.
		Announced	Development of a plan to transform "school medicine" into "school health"	• Promoting a healthy lifestyle among pupils and ensuring that all children have adequate access to preventive medicine

		Implemented	Introduction of a multilingual education programme in the early childhood sector **(2017)**	• Introduction of a multilingual education programme in the early childhood sector, enabling every child aged between 1 and 4 to receive 20 hours of free childcare per week (this free provision applies 46 weeks per year) and to benefit from high-quality language support. • The multilingual education programme is scientifically supported and continuously evaluated. This is done in conjunction with literacy training in German and, where applicable, French, starting in cycle 2 of primary education.
		Implemented	Establishment of 15 parent forums, spread across the 15 regions of Luxembourg's primary school system, by 2028. The first parent forum was opened on 8 February 2023.	• Nine parent forums are currently operational, and two new locations (in Differdange and Luxembourg City) are scheduled to open in 2026. • Parent forums are spaces for discussion, information and support for parents from pregnancy onwards and throughout the different stages of their children's lives. They are welcoming and open meeting places where parents are supported and empowered in all aspects of their parenting. This primary prevention service is voluntary and completely free of charge for families.
		Announced	Adaptation of the basic education curriculum (scheduled to come into force in the 2026/2027 school year)	• Since 2019, SCRIPT has been holding discussions with the seven national commissions for primary education programmes and regional authorities. These have been followed by participatory workshops open to all stakeholders, culminating in the publication of a white paper. • The curriculum is an important step towards, among other things, digital skills and interdisciplinary themes that are of great importance to society. It is based on four pillars — well-being, participation, digital literacy and multilingualism — and develops five interconnected key competences (multiliteracies, self/personal competence, social competence, reflective competence and transformative competence). These dimensions are addressed through cross-curricular learning opportunities integrated into the timetable, in conjunction with the subject areas and descriptors (SO/AV).
		Announced	Increase in the number of places in early childhood education, in close collaboration with local authorities, in order to guarantee access to this level of education (announced in 2023, Coalition Agreement)	• Enabling every child to benefit from this provision at a crucial stage in their development.

		Announced	Develop and implement the concept of a second teacher in Cycle 1 (announced in 2023, Coalition Agreement)	• Enable better differentiation in the classroom and give children the best possible start in life. In view of the tense situation regarding the recruitment of educators, this will be introduced gradually.
		Implemented	Introduction of greater flexibility in language teaching in secondary education with a more flexible offering and more choice for pupils.	• As part of a structured dialogue with school partners, to be launched in January 2026, curricula, methodology and assessment will be analysed and evaluated in order to identify pitfalls to be avoided and areas for improvement in language learning. These will be summarised in a white paper published in 2028 and will form the basis for a process of modernising secondary education. • The secondary education offering is being expanded to enable each pupil to progress independently of their language profile. Particular attention is being paid to providing targeted and thoughtful guidance based on pupils' language profiles and personal and professional goals.
		Implemented	Efforts to further develop and promote the Maison de l'orientation (Career Guidance Centre) as a central platform for career guidance will be continued.	• The Maison d'orientation will need to strengthen its links with guidance units in secondary schools and with regional primary education authorities. • Personalised assessment and guidance tools will be developed to provide simple and relevant feedback for the decisive stages of a student's educational path. • Each student will be able to benefit from a guidance procedure at the end of which a training or employment plan will be established ("Kein Abschluss ohne Anschluss"). Work placements will be offered to ESC students. • Ensure better adaptation of academic guidance to the needs of the student population
		Implemented	Extension of measures to combat school dropout.	• Spearheading the fight against school dropout, the Centres for Socio-Professional Integration (CISP) offer young people support in terms of their schooling, but above all in terms of their socio-educational development, in order to strengthen their social, emotional and, where applicable, professional skills. • There is a desire to establish more CISPs in different regions of the country in direct collaboration with regional secondary schools and managers in the child and family support sector. • There are plans to expand the CISP network to all regions of the country in the coming years. • Ensure, through CISPs, the development of skills in specific areas of learning based on the real needs of the labour market as expressed by professional chambers.

		Implemented	Reform of the preparatory stream	• The preparatory pathway prepares pupils who have not achieved the basic skills at the end of primary education to enter general secondary education and/or vocational training. Pupils can progress at their own pace and take the time they need to complete the modules. In recent years, the linguistic heterogeneity of the pupil population in the preparatory pathway has increased, as has the diversity of their support needs. • In light of these findings, it is necessary to rethink the preparatory stream. Based on the results of a survey conducted among teachers in charge of a preparatory stream class, working groups developed proposals for reform during the 2024-2025 academic year. • The aim is to take better account of pupils' individual needs by making school organisation more flexible. Proposals have been drawn up at several levels: ○ a timetable allowing for the creation of individualised pathways ○ a tailored language programme ○ adaptation of curricula and learning methods ○ enhanced student support; an expansion of socio-educational provision ○ better support for pupils with special needs ○ special attention paid to student guidance ○ adjustments to promotion criteria. • These ideas will be presented and discussed with all school partners at the beginning of the school year, then gradually implemented for a phased roll-out starting in the 2026-2027 school year.
		Adopted	Extension of compulsory schooling: Law of 20 July 2023 on compulsory schooling	• Compulsory schooling until the age of 18 applies to pupils who have not reached the age of 17 before 1 September 2026. • The extension of compulsory schooling aims to combat school dropout and reduce the number of young people leaving the school system without a qualification. • This extension requires the creation of new projects, such as alternative schooling structures (CISP).
		Adopted	Improve and systematise procedures for welcoming and guiding foreign students Creation of an integration and school reception service (June 2023)	• Ensure better school integration for newly arrived pupils • Help reduce the impact of social and cultural backgrounds on pupils' academic performance and promote their personal experiences.

		Announced	Revision of the law on state financial aid for higher education, as provided for in the 2023-2028 government programme	• Regular adjustment of state financial aid to enable students to access higher education regardless of their financial resources.
		Completed	Free schoolbooks for secondary school children since 2018	• Reducing the impact of inequality on student performance and promoting equal opportunities.
		Completed	Creation of eight centres of expertise in the field of children with special needs **(2018)**	• The competence centres are specialised in meeting the specific needs of pupils, such as language, hearing and communication skills, vision-related skills, socio-emotional development. There is also a centre for gifted children and young people (non-exhaustive list)
		Implemented	Additional resources for ESEBs in education **(2025)**	• With constant reinforcement, the number of FTEs for ESEBs in primary education stands at 516 and 186 for ESEBs in secondary education. • At the start of the school year, 100 assistants for pupils with special educational needs (A-EBS) were working in primary schools.
		Implemented	Decentralisation of skills centres **(09/2025)**	• In response to the significant increase in specific needs related to autism spectrum disorders (ASD), particularly among young children, the Centre for Children and Young People with Autism Spectrum Disorders (CTSA) will expand its services by opening decentralised cohabitation classes. These classes offer a suitable and structured environment, individualised teaching based on specialised ASD approaches, and geographical proximity, encouraging children to attend school in their local area. Two additional classes will open at the start of the school year in Luxembourg City, with further locations planned during the school year. • The Centre for Intellectual Development (CDI) and the Centre for the Development of Visual Skills (CDV) will each open a Wohnschule, in Mondercange and Alzingen respectively. These structures are aimed at young people of transition age and combine academic learning, independent living and social integration, in line with the desire to diversify educational pathways. • Co-education classes run by the Centre for Socio-Emotional Development (CDSE) will be introduced in primary schools. This initiative will enable schools to better meet the demand for tailored support for pupils with significant socio-emotional development needs, while promoting links with mainstream classes. Five

				locations will open at the start of the new school year in Mondercange, Pétange, Schieren, Useldange and Wilwerwiltz. • Two new Socio-Therapeutic Centres (CST) will open in Luxembourg and Lamadelaine during the 2025/2026 school year. The main objective of the CSTs, of which there are currently nine, is to offer pupils (aged between 6 and 12) who are experiencing difficulties at school a supportive environment and intensive socio-educational support outside the mainstream school system.
		Implementation	Introduction of a quality assurance system in the non-formal education sector **(announced in February 2016)**	• Strengthening of the quality control system: the Complaints and Control Unit already in place will be expanded in order to better fulfil its mission of monitoring educational and childcare facilities in the event of complaints. • In this context, the role of regional agents will be redefined. Innovation and quality development will take the form of a partnership with the childhood and youth sector. • Following the example of the "Social Lab" system set up for the Child and Family Support sector, an incubator will be set up to support innovative educational projects and to quality development in non-formal education services (announced in coalition agreement 23-28).
		Implemented	Increase in the total number of places available in education and childcare services and in parental assistance for children aged between 0 and 12 **(2024)**	• The number of places increased from 24,648 in 2009 to 71,353 in 2024
		Implemented	Increase in staff numbers by 20% over the last three years for the Educational and Psychosocial Department, dealing with mental health issues, student inclusion and the integration of newly arrived students.	• Strengthening socio-emotional support in order to better tackle bullying and all forms of physical and psychological violence in schools. • Teach and reinforce the life skills needed to manage conflicts and bullying, for example. • Description of the purpose of the measure
		Completed	Free supervision in education and childcare services and with	• Offering **all** children and young people the best opportunities for the future. • Free childcare applies to:

			childminders for all children in primary education in uring term time **(2022/2023)**	○ children subject to compulsory schooling (aged 4 or over before 1 September) who attend primary school or equivalent (early childhood education is not included); ○ all types of educational and childcare facilities (after-school clubs, day centres, mini-crèches and childminders); ○ during school terms, Monday to Friday from 7 a.m. to 7 p.m. ○ For childcare hours outside these time slots, the childcare voucher scale applies to calculate the financial contribution of parents or legal guardians.
		Completed	Free meals at primary school for all children during school weeks and for those attending an education and childcare service; at secondary school for children below a certain income threshold who have applied for this **(2022)**	• Offering **all** children and young people the best opportunities for the future. • Partial free meals apply to: ○ children subject to compulsory schooling (aged 4 or over before 1 September) who attend primary school or equivalent (early childhood education is not included); ○ all types of educational and childcare facilities (after-school clubs, day centres, mini-crèches and childminders); ○ during school terms. • During school holidays, free meals are reserved for children from households with an income less than twice the minimum social wage. The CSA scale applies to meals for children from households with an income more than twice the minimum social wage during school holidays.
		Completed	Free access to most music, speech and dance classes in municipal music schools from the start of the 2022-2023 school year for all children and young people up to the age of 18.	• To offer all children and young people the best opportunities for the future. • Both the number of pupils and the number of enrolments per school year are constantly increasing: ○ 2022-2023: 19,644 pupils for 34,824 enrolments, of which 66.45% of pupils benefited from free tuition ○ 2023-2024: 20,964 pupils for 38,091 enrolments, with 66.20% of pupils benefiting from free education ○ 2024-2025: 22,116 pupils for 40,663 enrolments, with 66.28% of pupils benefiting from free transport
		Completed	Introduction of free homework assistance in primary education throughout the country (start of the 2022/2023 school year)	• Offering all children and young people the best opportunities for the future. • Thanks to a new digital tool ("e-Bichelchen"), parents, teachers and educators can discuss the child's homework.

		Completed	Implementation, at the start of the 2022/2023 school year, of a pilot French literacy programme in four primary schools, to complement German literacy	• Take greater account of the country's cultural, linguistic and social diversity • Give all pupils more opportunities • Evaluation carried out in July 2025 • Introduction of a bill in July 2025 • Planned roll-out from the 2026/2027 school year
		Completed	Promotion of inclusive education in public education **(09/2025)**	• Promotion of inclusive education in public education: Support teams for pupils with special needs (ESEB), which have long been in place in primary education, have now also been rolled out across all secondary schools; today, each secondary school has its own ESEB, with 186 FTEs deployed in secondary schools, 516 FTEs at the regional primary education directorates, 155 specialised teachers (I-EBS), 100 EBS support staff (A-EBS) and 936 skills centre staff, representing a total of 1,893 positions dedicated to inclusive education. The evaluation identified six areas for improvement, the most important of which concern reducing waiting times for care and providing better information on how the system works. The law now stipulates a maximum waiting period of four weeks for a diagnosis by an inclusion commission and three months for a specialised diagnosis by a skills centre. In addition, parents can submit their applications online and track their progress throughout the procedure. • Autism spectrum disorder (ASD) awareness campaign: planned for the 2025-2026 school year, this campaign will be specifically aimed at primary and secondary school teachers in order to strengthen their understanding of ASD, improve early detection and promote appropriate and inclusive teaching practices.
5.2 Addressing skills gaps – particularly in relation to the green and digital transitions – by stimulating skills development		Announced	Development of a training methodology and software ("HP-Ready Check") for simplified technical assessment of existing buildings in terms of their suitability for the installation of a heat pump **(07/2023)**	• Project carried out by the Chamber of Trades and Crafts and application integrated into the Chamber of Trades and Crafts' training courses. • Co-financed by the Ministry of the Environment, Climate and Biodiversity (Climate and Energy Fund) • Simplified assessment of existing buildings in terms of their suitability for the installation of a heat pump.
		Implemented	Gradual development of medical training at the	• Help reduce the shortage of healthcare workers by training more healthcare professionals in Luxembourg.

			University of Luxembourg. Luxembourg, following an evaluation of the bachelor's degree in medicine **(Coalition Agreement 20/11/23)**	
		Announced	Strategy Accelerating Digital Sovereignty 2030 Flagship Project Labour Market: Perspectives on AI-powered skills	• This initiative is aligned with Luxembourg's strategic objectives to foster a future-ready workforce, address skills shortages and support evidence-based policy-making. By leveraging AI technologies, the project aims to create a comprehensive and dynamic skills data ecosystem for the benefit of individuals, employers and policymakers, thereby contributing to economic growth and social cohesion.
		Announced	Skills-Plang	• Skills-Plang (forward-looking employment and skills management plan) is a new financial support programme from the Ministry of Labour and ADEM for proactive employment and skills management, introduced in June 2025 through new legislation.
		Implemented	Expansion and adaptation of training by ADEM and its partners	• In collaboration with its partners, ADEM organises training courses for job seekers to meet upskilling and reskilling needs in relation to the ecological and digital transitions.
		Implemented	Creation of a legal basis for higher vocational training (Coalition Agreement)	• Enhancing the status of vocational training and meeting the proven needs of the labour market in terms of higher vocational training • Enable the recognition of higher vocational training obtained abroad.
		Announced	A portal dedicated to attracting and welcoming talent is currently being developed **(2025)**	• Attract international talent.
		Implemented	Introduction of a tax regime encouraging individuals to invest in innovative start-ups in the field of sustainable and digital transition Strengthening of the participatory bonus and impatriate schemes to	• 1. The law of 20 December 2024, or "Entlaaschtungspak", introduced various measures: ○ The scheme for impatriate workers has been greatly simplified. Instead of a system currently based on the exemption of actual costs incurred by the employer and the partial exemption of any impatriation bonus, the new model provides for a flat-rate system characterised by a tax exemption of 50 per cent of the gross annual remuneration, while capping the amount of annual remuneration eligible for this exemption at €400,000.

			support the recruitment and retention of talent. Employee participation in the capital of the companies that employ them will be encouraged	○ The "participation bonus" scheme has been upgraded in two ways. Firstly, the maximum amount of the bonus that is partially exempt from tax has been increased from 25% to 30% of the gross annual remuneration, before the inclusion of cash and in-kind benefits. Similarly, the total amount of the profit-sharing bonus that the company can grant to employees has been increased by 2.5 percentage points, from 5% to 7.5% of the positive results for the financial year immediately preceding the one in which the profit-sharing bonus is allocated to employees. ○ A "young employee bonus" has been introduced to support young employees at the start of their careers, a time in their lives that coincides with financial independence and increased personal expenses. The granting of this tax bonus is at the employer's discretion and its amount is linked to remuneration. It decreases as the salary increases and is no longer granted above an amount of EUR 100,000. To be eligible for the scheme, workers under the age of 30 must have their first permanent employment contract in the Grand Duchy of Luxembourg and remain with the same employer for as long as they wish to receive the bonus, up to a maximum of five years. • 2. In order to facilitate the entry of young professionals into the labour market and to diversify the remuneration options available to employers in their search for suitable candidates, the Law of 22 May 2024 introducing a package of measures to revive the housing market introduced a partial exemption for allowances granted by an employer to an employee for the purpose of renting accommodation occupied by that employee as their main residence (rental allowance).
		Implementation	Adaptation of immigration laws	• Facilitate and accelerate visa procedures for workers from third countries. • Access to the labour market will be simplified and the introduction of a system of temporary residence permits known as "work and travel visas" will be considered. A portal mentioned above will consolidate all the necessary information for potential candidates and interested companies.
		Implemented	Expansion and adaptation of continuing education, managed by the National Institute of Public Administration (INAP)	• Digitisation of all administrative procedures, making them more accessible, even for those less familiar with digital technology. AI, with pilot projects and the use of *chatbots*, will play a key role. The government will increase investment in infrastructure and technical skills.
		Implemented	Pilot project in collaboration with the	• Strengthen the quality of university continuing education with a view to upskilling and reskilling.

			Dutch-Flemish accreditation agency NVAO to establish a national framework for microcredentials **(03/2024)**	
		Implemented	Development of a multi-year sectoral training plan for topics related to environmental protection, energy efficiency and energy transition (decarbonisation and renewable energies) by the Centres de Compétences du Génie Technique du Bâtiment (CdC-GTB) **(07/2023)**	• Development of a multi-year sectoral training plan for topics related to environmental protection, energy efficiency and energy transition (decarbonisation and renewable energies) by the Building Engineering Competence Centres (CdC-GTB)
		Implemented	Several projects aimed at climate transition and the acquisition of the necessary skills have been introduced by key players (IFSB, Chamber of Trades, Centres of Competence for Building Engineering) as part of the ESF+ programme "Investing in the Future".	• Co-financing of the national public contribution, in particular by the Ministry of Labour and the Ministry of the Environment, Climate and Biodiversity (Climate and Energy Fund). • Introduction of a "Klima-Kompetenz Bonus" to encourage employers to send their employees on training courses and support their professional development. • Projects to combat the shortage of technical skills and update training and educational content.
		Completed	Expansion of the range of BTS (advanced technician's certificate) training courses with two new courses, namely the BTS in Applied Artificial Intelligence and the BTS in	• Contribute to training a skilled workforce in emerging fields related to technological developments

			Automated Industrial Production (09/2024)	
5.3 Strengthen the resilience of the health system by accelerating reforms and ensuring adequate availability of health professionals		Completed	Reform of training programmes preparing students for healthcare professions and introduction at the University of Luxembourg of four bachelor's degrees in specialised nursing since the start of the 2023-2024 academic year and a bachelor's degree in nursing – Nurse responsible for general care and health s since the start of the 2024-2025 academic year.	• Contribute to reducing the shortage of healthcare workers by training more healthcare professionals in Luxembourg.
		Implemented	Gradual development of medical training at the University of Luxembourg following an evaluation of the bachelor's degree in medicine.	• Contribute to reducing the shortage of healthcare workers by training more healthcare professionals in Luxembourg.

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