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AVOCATS A LA COUR

## Boosting the household income: Gilles Roth sets the tax brackets adjustment in move

In a significant move, the newly sworn finance minister Gilles Roth presented the draft law No. 8343 to the Finance Committee, as he seeks to push through an adjustment to the income tax brackets by four index brackets from January 1, 2024. This initiative, aligned with the 2023-2028 coalition agreement - amid growing economic challenges - aims to enhance the Luxembourg household purchasing power.



Minister Roth expressed excitement about the swift implementation of the coalition's first measure, emphasizing its lasting impact on reducing households' tax burden. Future plans include as well a comprehensive income tax brackets adjustment to counter inflation.

The tax boost resolutely aligns with a prior agreement between the government, the Luxembourg Enterprises Union (*Union des entreprises luxembourgeoises*) and the trade unions and raises the tax brackets by additional 1.5 brackets to the total of 4 brackets and will cost the Grand Duchy around 180 million euros.

By way of example, the envisaged measures for a taxpayer in class 1 with a 75,000 euro annual gross revenue translates to a net gain of 1,095 euros in 2024, further supported by the 2023 CIC (*crédit d'impôt conjoncture*) totaling 567 euros. The tax advantages for couples are expected to be even greater.

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