

Financing adult learning database

Name of the instrument - Local language	Remboursement par le salarié des frais de formation
Name of the instrument - English translation	Payback clause
Scheme ID	146
Country	 Luxembourg
Reporting year	2020
Type of instrument	Payback clause
Sub-type of instrument	Payback clauses are possible within set limits
Type of entry	Single instrument

Short description	Employers and employees can agree on a payback clause for training-related costs. The law establishes minimum standards that should be considered for the design of agreements between social partners or within companies. Conditions on payback clauses established in the Labour Code can be amended or replaced by collective agreements at the sectoral or company level provided that such conditions are less strict than the national regulations. Employees can be requested to reimburse the cost of employer-financed training incurred in the last 3 years if the employment contract is terminated on the initiative of the employee or by the employer due to a serious instance of employee misconduct. The employee cannot be obliged to reimburse training that benefits the company only (compulsory or firm-specific training).
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Level of operation	National
Name of a part of the country	Not applicable
Name of the region (for regional instruments)	Not applicable
Name of the sector (for sectoral instruments)	Not applicable
Relevance	Further instrument

Legal basis	Labour code, 2011, Book V, Title IV, Chapter 2, Section 2, Art. L.542-15 to 19. Case law from the labour courts.
Objective(s) and target(s)	Reduce employers' risk of investment in VET in case of mobility of employees.
Year of implementation	1999
Operation/management	The law establishes minimum standards that should be considered for the design of agreements between social partners or within companies. Conditions on payback clauses established in the Labour Code can be amended or replaced by collective agreements at sectoral or company level provided that such conditions are less strict than the national regulations. Regulations at national level are applicable and enforceable when no other agreement applies.
Eligible group(s)	All employers
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	- Adaptation of the qualifications of the employee and the company director by upgrading their technical skills and organisational skills, production or marketing. - retraining of the employee and the company manager for access to another occupation
Source of financing and collection mechanism	Employer funds training, employee provides (partial) repayment eligible training costs in case of premature departure of the company
Financing formula and allocation mechanisms	Employees can be requested to reimburse the cost of employer-financed training incurred in the last 3 years if the employment contract is terminated on the initiative of the employee or by the employer due to a serious instance of employee misconduct. The employee cannot be obliged to reimburse training that benefits the company directly (compulsory or firm-specific training) Redemption: the employee has to reimburse 100% of the cost incurred in the current year; 60% for the second year and 30% for the third year; the amount to be reimbursed is reduced by 1 240 per year and the training cost must be higher than this figure for payback clauses to become applicable. For a contractual retention period of 2 years the cost of training would have to amount to at least 2 480 and for 3 years - at least 3 720. The longest period of payback clause validity is 3 years and the amount owed to the company can be paid in one or in several instalments, according to the stipulations in the Labour Code.
Eligible costs	Not available
Volumes of funding	Not applicable
Beneficiaries/take up	Not applicable
Organisation responsible for monitoring/evaluation	Not applicable

Most relevant webpage - in English	Not available
Most relevant webpage - local language	Not available
Recent changes	<p>No recent amendment</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	<p>http://www.legilux.public.lu/leg/textescoordonnees/codes/code_travail/Co...</p> <p>http://www.lifelong-learning.lu/View/Document-Cofunding/notice-explicat...</p> <p>http://www.impotsdirects.public.lu/legislation/LIR/Loi_modifiee_du_4_d...</p> <p>http://www.impotsdirects.public.lu/legislation/LIR/Loi_modifiee_du_4_d...</p>