

Financing adult learning database

Name of the instrument - Local language	Deductibilité fiscale
Name of the instrument - English translation	Tax deductibility
Scheme ID	354
Country	 Luxembourg
Reporting year	2020
Type of instrument	Tax incentive for individuals
Sub-type of instrument	Treatment of work/profession related training costs
Type of entry	Single instrument

Short description	<p>Any person taxed on his/her income that he/she receives from paid work may deduct professional development expenses from his/her taxable income. The state co-funding - in the form of foregone tax revenues - equals the eligible costs multiplied by the marginal tax rate (between 8% and 42 % plus a 7-9% contribution to the Employment fund). The minimum earning per year required to apply for the scheme is EUR 11 265. The professional development costs must have a direct link to the professional activity performed by the employee, be paid for by the employee, and should enable the employee to update his/her professional skills and to progress in his/her professional activity. Professional training costs which cover expenses incurred in order to gain the knowledge required for a future profession or a change of profession, are non-deductible. Eligible expenses include registration fees for continuing training borne by the employee, the costs of buying books, insofar as they are purchased on a wholly professional basis (specialist books that are not of general interest). The location in which the training is held is not taken into consideration. The net effect of the deduction of training costs depends on the level of income and the type of taxpayer. The same applicant can use the scheme once in each calendar year.</p>
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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	Key instrument
Legal basis	Loi du 4 décembre 1967 concernant l'impôt sur le revenu. http://legilux.public.lu/eli/etat/leg/loi/1967/12/04/n1/jo
Objective(s) and target(s)	Encourage the lifelong learning.
Year of implementation	1967
Operation/management	The employee may deduct the professional development expenses from the tax return relating to the tax year during which the expenses were incurred. The professional development expenses are classed as fees and can be declared in the corresponding section of the tax return. Each employee automatically benefits from a minimum lump sum of EUR 540 for each tax year, in order to cover obtaining costs. If taxpaying spouses both receive income from employment, each person will receive a minimum of EUR 540. Should all of the actual obtaining costs exceed the lump sum minimum, the employee may deduct them on request. The employee is advised to briefly explain to the tax office how the training attended can assist him/her to progress in his/her professional career.
Eligible group(s)	Employees
Group(s) with preferential treatment	No preferential treatment
Education and training eligible	They should have a direct link to the professional activity performed by the employee and enable the employee to update his/her professional skills and to progress in his/her professional activity (Fortbildungskosten).
Source of financing and collection mechanism	State via the decrease of the individual taxes.
Financing formula and allocation mechanisms	Each employee is automatically entitled to the minimum flat-rate amount of EUR 540 per tax year to cover such costs. If the actual procurement costs exceed this amount, the taxpayer can claim the actual amount of his expenses.
Eligible costs	- Registration fees for continuing training borne by the employee, - The costs of buying books, insofar as they are purchased on a wholly professional basis (specialist books that are not of general interest).
Volumes of funding	Not available
Beneficiaries/take up	Not available

Organisation responsible for monitoring/evaluation	Tax authorities
Most relevant webpage - in English	https://www.lifelong-learning.lu/Detail/Article/Aides/deductibilite-fis...
Most relevant webpage - local language	https://www.llc.lu/fr/aides-financieres-conges/la-deductibilite-des-de...
Recent changes	<p>No recent amendment</p> <p>Recent changes in response to COVID-19</p> <p>No changes</p>
Sources	https://www.lifelong-learning.lu/Detail/Article/Aides/deductibilite-fis...