

SOCIAL SECURITY PARAMETERS ON 01.01.2021

The social minimum wage has been increased, as of 1 January 2021, from €256.60 to €263.78 (index 100) by a law of 15 December 2020. The index applicable to salaries remains set at 834.76.

I. Social minimum wage

A. Non-qualified wage-earners

The social minimum wage for non-qualified wage-earners amounts to €263.78 per month at cost of living index 100, i.e. €2,201.93 per month at cost of living index 834.76. It is reduced for employees under 18 years.

| Age | % | Monthly gross amount | Hourly gross amount |
|----------------|------|----------------------|---------------------|
| 18 years on | 100% | €2,201.93 | €12.7279 |
| 17 to 18 years | 80% | €1,761.54 | €10.1823 |
| 15 to 17 years | 75% | €1,651.45 | €9.5459 |

B. Qualified wage-earners

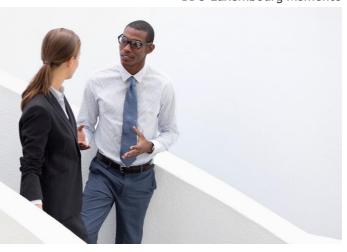
The social minimum wage for qualified wage-earners amounts to €316.54 per month at cost of living index 100, i.e. €2,642.32 per month at cost of living index 834.76.

C. Students occupied during school holidays

The minimum remuneration of students occupied during the school holidays amounts to 80% of the social minimum salary. It is applicable to students under the age of 27.

| Age | % | Monthly gross amount | Hourly gross amount |
|----------------|------------------|----------------------|---------------------|
| 18 years on | 80% of €2,201.93 | €1,761.54 | €10.1823 |
| 17 to 18 years | 80% of €1,761.54 | €1,409.24 | €8.1459 |
| 15 to 17 years | 75% of €1,761.54 | €1,321.16 | €7.6368 |





II. Social security

A. Ceiling applicable as of 1 January 2021

| Social minimum wage for non- qualified wage-earners | Wage index 01.01.2021 | Multiplier | Income ceiling for social security contributions |
|--|--------------------------|------------|--|
| €2,201.93 | 834.76 | 5 | €11,009.65 |

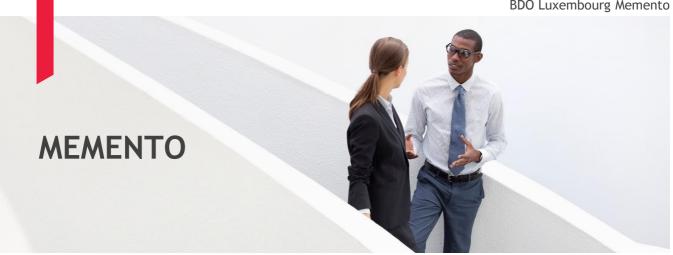
B. Social security contribution rates for 2021

| | Ceiling | | Contribution rate | |
|---|-------------|------------|---------------------|---------------------|
| Coverage | Per year | Per month | Employee's part | Employer's part |
| Health Insurance-Rate Caisse Nationale de Santé (1) | €132,115.80 | €11,009.65 | 2.80% / 3.05% | 2.80% / 3.05% |
| Health Insurance- Rate Mutual Insurance (2) | €132,115.80 | €11,009.65 | / | 0.53% to 2.88% |
| Pension insurance (3) | €132,115.80 | €11,009.65 | 8.00% | 8.00% |
| Care Insurance (4) | / | / | 1.40% | / |
| Health at work Insurance (5) | €132,115.80 | €11,009.65 | / | 0.11% |
| Accident Insurance (6) | €132,115.80 | €11,009.65 | / | 0.75% |
| Total | | | 12.20% to 12.45% | 12,19% to 14,79% |

- (1) Rate of 3.05% applicable to base salary and to monthly supplements in cash. Rate of 2.80% applicable to benefits in kind and to bonuses.
- (2) The contribution rate depends on the average rate of absenteeism in the company.

| Rate of absenteeism | 0% to < 0.65% | <u>></u> 0.65% to <1.60% | ≥1.60% to <2,50% | <u>></u> 2.50% |
|---------------------|---------------|-----------------------------|------------------|-------------------|
| Contribution rate | 0.53% | 1.05% | 1.50% | 2.88% |





- (3) In case an old age pension pensioner is employed after the age of 65, full contributions are due. However, upon request, the contributions paid by the insured person are reimbursed to him per calendar year.
- (4) No ceiling applies to the care insurance contribution. Nevertheless, the assessable basis is reduced by an abatement equal to ¼ of the social minimum wage, i.e. €550.48 at cost of living index 834.76.
- (5) For employers affiliated to the Multisector service for health at work.
- (6) The accident insurance contribution rate is multiplied for each insured person by a bonus-malus factor which is calculated on the basis of the contributor's work-related accident allowances.

III. Family allowances

The below table summarises the family allowances applicable as of 1 August 2016, following to the law of 23 July 2016 which reformed the family allowances.

The new system applies to children born as from 1 August 2016 and having their actual permanent residence or legal domicile in Luxembourg, or who have one parent who began to work in Luxembourg as from 1 August 2016. Households with at least two children on 1 August 2016 remain subject to the old system of family allowances. Households having one child at this date transit to the new system.





| | € | Periodicity of the payments |
|---|------------------------------------|-----------------------------|
| Family allowance for: | | |
| -new system (child bonus included) - old system | € 265.00 | |
| 1 child 2 children 3 children | € 265.00 € 594.48 € 1,033.38 | Monthly |
| 4 children 5 children | € 1,472.08 € 1,910.80 | |
| Increase due to age (per child): | | |
| 6-11 years 12 years and above | € 20.00 € 50.00 | Monthly |
| Special additional allowance (disabled child) | € 200.00 | |
| School year allowance per child: - child aged 6-11 years - child aged as from 12 years and more | € 115.00 € 235.00 | |
| Childbirth allowance (amount per instalment) | € 580.03 | |
| Parental leave : | | |
| - new system (Full-time parental leave for a full-time employment contract) Minimum | £ 2 201 02 |) |
| Maximum Maximum | € 2,201.93 € 3,669.93 | Monthly |





INTERESTED?

Get in touch with:



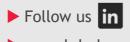
Partner +352 45 123 480 daniel.hilbert@bdo.lu



Patricia Dupuis
Assistant Manager
+352 45 123 358
patricia.dupuis@bdo.lu



Ralf Gilch Assistant Manager +352 45 123 557 ralf.gilch@bdo.lu



www.bdo.lu

This publication has been carefully prepared, but it has been written in general terms and should be seen as broad guidance only. The publication cannot be relied upon to cover specific situations and you should not act, or refrain from acting, upon the information contained herein without obtaining specific professional advice. Please contact the appropriate BDO Member Firm to discuss these matters in the context of your particular circumstances. Neither the BDO network, nor the BDO Member Firms or their partners, employees or agents accept or assume any liability or duty of care for any loss arising from any action taken or not taken by anyone in reliance on the information in this publication or for any decision based on it. BDO is an international network of public accounting firms, the BDO Member Firms, which perform professional services under the name of BDO. Each BDO Member Firm is a member of BDO International Limited, a UK company limited by guarantee that is the governing entity of the international BDO network. Service provision within the BDO network is coordinated by Brussels Worldwide Services BVBA, a limited liability company incorporated in Belgium with its statutory seat in Brussels. Each of BDO International Limited, Brussels Worldwide Services BVBA and the member firms of the BDO network is a separate legal entity and has no liability for another such entity's acts or omissions. Nothing in the arrangements or rules of the BDO network shall constitute or imply an agency relationship or a partnership between BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

BDO International Limited, Brussels Worldwide Services BVBA and/or the member firms of the BDO network.

© 2021 BDO Advisory

