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SOCIAL SECURITY PARAMETERS ON 01.09.2023

From the 1st of September 2023, the salary index is set at 944.43 points.

I. Social minimum wage

A. Non-qualified wage-earners

The social minimum wage for non-qualified wage-earners amounts to €272.22 per month at cost of living index 100, i.e. €2,570.93 per month at cost of living index 944.43. It is reduced for employees under 18 years.

Age	%	Monthly gross amount	Hourly gross amount
18 years on	100%	€2,570.93	€14.8609
17 to 18 years	80%	€2,056.74	€11.8887
15 to 17 years	75%	€1,928.20	€11.1456

B. Qualified wage-earners

The social minimum wage for qualified wage-earners amounts to €326.6640 per month at cost of living index 100, i.e. €3,085.11 per month at cost of living index 944.43.

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 €2,570.93	€2,056.74	€11.8887
17 to 18 years	80% of €2,056.74	€1,645.39	€9.5109
15 to 17 years	80% of €1,928.20	€1,542.56	€8.9165

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D. Interns

The allowance for interns depends on the type of traineeship, its duration, and the intern's level of training.

Type of internship	Duration	%	Monthly gross amount	Hourly gross amount
Internship as part of one's studies (1)	Equal to or more than 4 weeks (4)	30% of SMW for unskilled wage-earners	€771.28	€4.4583
Practical internship (2)	Between 4 and 12 weeks (4)	40% of SMW for unskilled wage-earners	€1,028.37	€5.9443
		40% of SMW for skilled wage-earners (3)	€1,234.05	€7.1332
	Between 12 and 26 weeks	75% of SMW for unskilled wage-earners	€1,928.20	€11.1456
		75% of SMW for skilled wage-earners	€2,313.83	€13.3748

- (1) An internship as part of one's studies is one intended as an integral part of a study programme at a Luxembourgish or foreign educational establishment. On request and under certain conditions, the employer may be exempt entirely from withholding tax on the internship allowance provided that this allowance does not exceed 16 euros per working hour (applicable as of 1 January 2023). This exemption is only valid for the first 6 months of the internship period.
- (2) A practical internship (*stage pratique*) is a voluntary internship undertaken on the intern's own initiative in order to acquire work experience.
- (3) This applies to interns who have successfully completed their first cycle of higher or university education.
- (4) Remuneration is optional for internships lasting less than 4 weeks.

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II. Social security

A. Ceiling applicable as of 1 September 2023

Social minimum wage for non-qualified wage-earners	Wage index 01.09.2023	Multiplier	Income ceiling for social security contributions
€2,570.93	944.43	5	€12,854.64

B. Social security contribution rates for 2023

Coverage	Ceiling		Contribution rate	
	Per year	Per month	Employee's part	Employer's part
Health Insurance - Rate Caisse Nationale de Santé (1)	€150,532.12 (7)	€12,854.64	2.80% / 3.05%	2.80% / 3.05%
Health Insurance - Rate Mutual Insurance (2)	€150,532.12	€12,854.64	/	0.60% to 2.98%
Pension insurance (3)	€150,532.12	€12,854.64	8.00%	8.00%
Care Insurance (4)	/	/	1.40%	/
Health at work Insurance (5)	€150,532.12	€12,854.64	/	0.14%
Accident Insurance (6)	€150,532.12	€12,854.64	/	0.75%
Total			12.20% to 12.45%	12.29% to 14.92%

(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%	≥0.65% to <1.60%	≥1.60% to <2,50%	≥2.50%
Contribution rate	0.72%	1.22%	1.76%	2.84%



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- (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 $\frac{1}{4}$ of the social minimum wage, i.e. €642.73 at cost of living index 944.43.
- (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.
- (7) Annual maximum contributory ceiling known as of 1 September 2023.

C. Adjustment of employers' mutual insurance contribution rates

In accordance with the tripartite agreement of 7 March 2023* concerning the third index bracket for 2023, the adjustment of the employer's mutual insurance contribution rates will become effective as of 2024. The details of this compensation were set out in the law of 26 July 2023. This would correspond to a reduction in the rate in each class of 1.34 percentage points.

In order to avoid class rates becoming negative, the adjustment of rates may, if necessary, be spread over several years.

The law therefore provides the following staggering of the reduced rates in the four contribution classes:

- For class 1, the reduction will be spread over 3 years, with a contribution rate of 0.01% for 2024, 0.04% for 2025 and 0.35% for 2026;
- Class 2 will be spread over 2 years, with a contribution rate of 0.01% for 2024 and 1.10% for 2025;
- Classes 3 and 4 will be fully offset in 2024, with a contribution rate of 0.42% and 1.36% respectively.

The rates are not yet fixed and may be subject to subsequent legal changes. The final calculation of contribution rates for 2024 will take place at the end of 2023.

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.

* This agreement is designed to help companies to cope with inflation.

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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)	€ 299.86	} Monthly
▶ old system	€ 299.86	
per child in a family group of 1 child	€ 336.31	
per child in a family group of 2 children	€ 389.67	
per child in a family group of 3 children	€ 416.40	
per child in a family group of 4 children	€ 432.36	
per child in a family group of 5 children	€ 432.36	
Increase due to age (per child):		
6-11 years	€ 22.67	} Monthly
12 years and above	€ 56.57	
Special additional allowance (disabled child)	€ 200.00	
School year allowance per child :		
▶ child aged 6-11 years	€ 115.00	
▶ child aged as from 12 years and more	€ 235.00	
▶		
Childbirth allowance:		
▶ amount per instalment	€ 580.03	
Parental leave:		
▶ new system (full-time parental leave for a full-time employment contract)		} Monthly
Minimum	€ 2,570.93	
Maximum	€ 4,284.88	

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