



Simpler. Better. Modern.

A light red silhouette of the map of Luxembourg, positioned on the left side of the page.

State of the
Nation 2024



Simpler, better, modern.



Build more housing and faster

- 10-point action plan for a paradigm shift in housing procedures, including (i) substantial simplification of procedures; (ii) harmonisation of building standards; (iii) digitisation of all building permits; and (iv) a holistic and more pragmatic approach to nature protection
- Creating more affordable housing through a reform of the law on municipal planning (Article 29bis) and 3 pilot projects involving the private sector



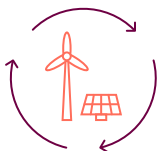
For a social policy that takes care of those who need it most, and that resolutely tackles poverty

- A cross-cutting approach to the fight against poverty through (i) administrative simplification; (ii) the introduction of the "once-only" principle within the State; (iii) better access to information; and (iv) better coordination with non-governmental actors
- An in-depth debate on the pension system (autumn 2024) and a package of measures to improve the work-life balance (late 2024)



For more purchasing power and a competitive economy that creates jobs and prosperity

- Strengthening purchasing power by further adjusting the tax scale in line with inflation
- Reduction in the corporate income tax rate from 17% to 16%
- Administrative simplification for SMEs, farmers and seasonal workers
- Coherent strategies to further develop the ecosystems of the financial centre and the data sector



For a climate policy that takes individuals businesses along

- Gradual phase-out of the energy price cap with a solid package combined with targeted social measures
- New socially fair "Klimabonus" model from 1 October 2024
- Significant expansion of renewable energies by simplifying administrative procedures for wind and photovoltaic installations
- Innovative ideas in the field of renewable energy (e.g. along motorways, near or in industrial zones, in the field of agrivoltaics)

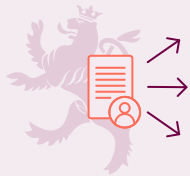


For a policy that defends peace and freedom in Europe, together with our partners

- European solutions in the fields of the economy, climate and defence
- Achieving the international commitment to the target of 2% of GNI dedicated to defence from 2030

Simplifying life for citizens and businesses

Within the State



- Introduction of the 'once only' principle: documents available to the State will need to be collected by the State, not by the citizen
- Through administrative simplification, available aids will better reach those eligible and allow the State to offer aid proactively

In the field of housing



- Shortening of PAG, PAP and EIE procedures
- Gradual introduction of the 'silence means agreement' principle for building permits
- New harmonized national building regulations
- Fewer environmental studies and compensation measures, without neglecting nature protection

In the economic field



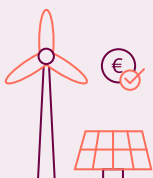
- Simplified procedures for SMEs, farmers and seasonal workers
- Simplified aid system for investments in the ecological transition

In the social field



- Action plan against poverty that simplifies and harmonises social aid benefits
- A centralised point of contact ('guichet unique') for all social aid benefits
- A digital platform with an overview of all social aid benefits

In the field of renewable energy



- Pre-financing for photovoltaic installations
- Extensive consultation with the sector and local authorities to simplify procedures for wind and solar energy



More housing thanks to simplified procedures – 10-point action plan

1

'Silence means agreement' principle in 3 stages, starting with a 'de minimis' threshold

6

Introduction of 'ministerial land reorganisation' to unblock construction projects

2

Harmonisation & shortening of PAG, PAP and environmental procedures & new simplified procedure for small-scale projects

7

Greater flexibility in the management of construction debris

3

New standard national building regulations with uniform rules

8

Fewer environmental studies and compensation measures with the introduction of the 'Natur auf Zeit' principle in urban areas

4

New interministerial committee to draw up joint opinions & integration of the SNFSP into the ITM

9

'One-time compensation' for hunting areas of protected species

5

Digitalisation and centralisation of all authorisation procedures on a 'once only' basis

10

Raising the threshold for optional environmental impact assessments



First steps towards revitalising the housing sector



- Maintaining employment by granting short-time working ✓



- Increase in rental subsidies and widening of eligibility criteria ✓
- Tax exemption of up to €1,000 for companies granting a rent subsidy to their employees under the age of 30 ✓



- Public sector programme to acquire projects under construction to the tune of €500 million by 2027 ✓
- Introduction of a notarial tax credit for investors ('Bëllegen Akt') ✓
- Adaptation of the law on rents ✓



- Increase in notarial tax credit ('Bëllegen Akt') for first-time buyers and of subsidies for interest paid on mortgages ✓

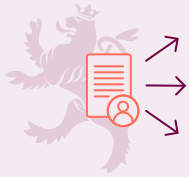


- Call on Luxembourg banks to ensure financing for new projects ✓

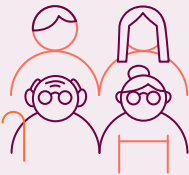
The new government has made the housing and construction crises its main priority.



For a social policy that cares of those who need it most, and that resolutely tackles poverty



- A cross-cutting approach to the fight against poverty and simplification through (i) the introduction of a one-stop shop; (ii) the "once only" principle within the State; (iii) better access to information; (iv) targeted measures for single parents; and (v) fair social aid benefits against high electricity prices



- A wide-ranging consultation debate from autumn 2024 to preserve our pension system



- A package of measures for a better work-life balance, in dialogue with our social partners (e.g. maternity leave, family part-time work, organisation of working hours) before the end of 2024

*It's not about helping more, but helping better.
Help that really reaches those in need.*



For more purchasing power and a competitive economy that creates jobs and prosperity



- Strengthening purchasing power by adjusting the tax scale by the equivalent of 2.5 indexations from 2025



- Reducing the rate of corporate income tax from 17% to 16% to bring it into line with the international average by 2025



- Administrative simplification for SMEs (in the area of state aid and business start-ups) and agriculture



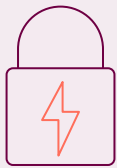
- A more attractive tax framework for recruiting talent from abroad, by adjusting the 'Participative Bonus' and the 'Impatriate Regime'



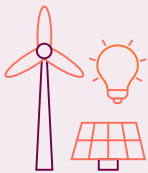
- Consolidation of the data ecosystem through a strategy for artificial intelligence, the first sovereign cloud solution in Europe, and investment in high-performance computers
- Consolidation of the financial market ecosystem through (i) an attractive legal framework for digital assets, alternative funds and actively managed ETF funds, (ii) the creation of 2 new masters degrees at the University of Luxembourg, and (iii) an action plan for sustainable finance

We committed ourselves to ensuring that people keep more of their net income in relation to their gross income, with the aim of increasing their purchasing power.

For a climate policy that takes individuals and businesses along



- A 30% cap on electricity prices by 2025
- Targeted social measures: (i) tripling the energy bonus; (ii) increasing the energy tax credit for Revis beneficiaries to €90; and (iii) extending the coverage of energy costs for retirement homes



- Significant expansion of renewable energies through (i) the introduction of de minimis thresholds; (ii) the introduction of pre-financing for photovoltaic installations; and (iii) administrative simplification in the field of wind and solar energy



- Innovative ideas: (i) installation of wind farms and photovoltaic installations near motorways; (ii) wind farms near or in industrial zones; and (iii) agrivoltaic projects that respect agriculture



- Optimised and simplified support for business investment in the ecological transition and Luxembourg's integration into the international hydrogen network

By combining financial support with simplified procedures, we can create a powerful lever for rapid progress.



New 'Klimabonus' model from 1 October 2024

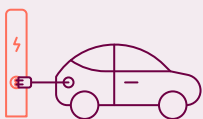
Current scheme (until 30.09.2024)

New scheme (from 01.10.2024)



- Basic scheme + 25% energy renovation bonus
- Basic scheme + 50% replacement bonus for financing of heat pumps
- Financing of up to 62.5% for photovoltaic systems (private consumption)

- No change
- No change
- Up to 50%



- €8,000 for electric cars under 18 kWh/100 km
- €3,000 for electric cars above 18 kWh/100 km
- Minimum ownership period of one year

- €6,000 for electric cars under 16 kWh/100 km
- €3,000 for electric cars between 16 and 18 kWh/100 km
- Minimum ownership period of 3 years
- €1,500 for used electric cars over 3 years old



- Up to €600 for bicycles and electric bikes

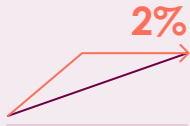
- Up to €600 for people eligible for the cost-of-living allowance or the energy allowance
- Up to €1,000 for cargo bikes



For a policy that defends peace and freedom in Europe, together with our partners



- Call for removing barriers within the internal market (e.g. geo-blocking, restrictions on choice of suppliers)



- Achieving the international commitment to the target of 2% of GNI dedicated to defence from 2030



- Commitment to peace and international law in Ukraine and the Middle East



- 1% of GNI devoted to development aid

The peace we thought we had achieved in Europe at the end of the Second World War and the Cold War does not last forever.