



THE GOVERNMENT  
OF THE GRAND DUCHY OF LUXEMBOURG

Progress through

**Stability**

through Progress

**State of the  
Nation 2025**

Courtesy translation

# A government that delivers



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## More purchasing power

- **Adjustment of tax brackets** worth 6.5 indexations since the Government took office. In practical terms:
  - A person in tax class 1A, with a gross income of €45,000: **56% less income tax**
  - A couple in tax class 2, with a gross income of €75,000: **23% less income tax**



## More targeted social policies

- **Minimum wage** and social inclusion income (REVIS) increased
- **Unskilled minimum wage** exempted from tax
- **Cost-of-living benefit** increased by 10% and **automatically paid** to REVIS recipients
- **Rent subsidies** for families with children increased
- **Energy allowance** tripled
- Tax credit for **single-parent families** increased



## A stronger economy

- **Return to growth**: -1.1% in 2022, +2.5% this year
- 1% reduction in **corporate income tax**
- Targeted tax exemptions for **young talents**
- New **tax credit for overtime** by cross-border workers



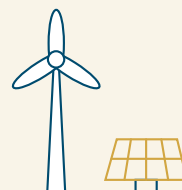
## New momentum in housing

- **Crisis in the construction industry halted** through short-time work, temporary tax measures and the public VEFA purchasing programme
- **Environmental procedures simplified** without compromising the environment
- **Paradigm shift in procedures**: silence means consent, simplified PAG and PAP processes, unified building regulation



## More renewable energy

- **Record year 2024** with 8,000 new solar panels
- **Pre-financing for solar panels** operational by summer
- **Climate Bonus support scheme** extended and more targeted



## More modern rights

- Modernisation of the **adoption law**
- Ban of **virginity certificates** and hymenoplasty
- **Better protection** for victims of sexual violence and creation of a **national contact point**
- Abolition of mandatory reflection period for **abortions** in the first 12 weeks



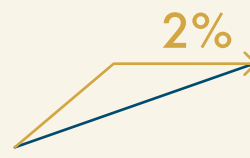
# For a peaceful and free Luxembourg



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*Without a united and confident Europe, there can be no lasting prosperity, security and democracy in Luxembourg. The time has come for Europe to take full responsibility for its own security and resilience.*

- **2% NATO target** for investments in security **by the end of this year**
- Trajectory **in line with our closest allies**, such as Belgium



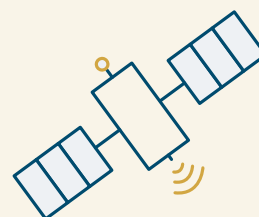
- **Financing** in three parts via
  - A defence bond
  - A **reprioritisation of infrastructure** projects
  - A mobilisation of **extra-budgetary sources**



- **Economic strategy** to support the military effort
- Support for companies in the **European defence supply chains**



- **Strategic projects**
  - Second **satellite for military communications**
  - Support for Europe's **Iris<sup>2</sup>** project
  - Expansion of the **binational battalion** with Belgium



- **First national resilience strategy**
  - **All-hazards approach**
  - Involving the **whole of society**
  - Maintaining the **vital functions** of the state, society and economy



# For sustainable and affordable energy



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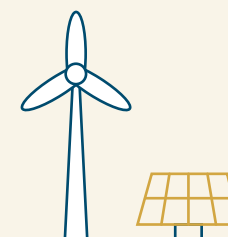
// **Energy prices in Luxembourg have been and remain below the EU. This social and economic strength must be preserved — in particular through simpler rules that accelerate the deployment of renewable energies.**

//

- **Support for households and businesses** through a package worth 150 million euros
  - **Grid costs** partially financed
  - **Compensation mechanism** covered by the budget



- Broad consultation with the sector and communes to produce **more renewable energy, faster**
  - A historic package of **50 measures**
  - **Technical solutions** through dialogue



- **Simplified, shortened and digitised procedures**
  - New **deadlines** and de minimis thresholds
  - **Simplified procedures** in areas of environment, culture and justice
  - Harmonised **environment protection** procedures



- **More potential for wind and solar energy** in respect of people and nature
  - Projects on **noise barriers and park-and-ride** facilities
  - Draft law for solar panels in **non aedificandi zones**
  - Wind turbines **closer to streets and forests**



- **State leads by example**
  - Bundling of small-scale projects on **state buildings**
  - Increased **financial support to municipalities** for bigger projects



# For a technology that serves people



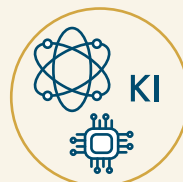
THE GOVERNMENT  
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**Luxembourg should be known worldwide as a powerhouse in both finance and digital technologies. We want Luxembourg to become a European hub for the storage and valorisation of sensitive data.**



- A holistic approach
  - **Three new strategies** for data, artificial intelligence and quantum technologies
  - Raising **3 billion euros** from public and private stakeholders



- **Concrete AI projects**
  - Development of an **AI model** to improve drafting of national legal texts
  - Using AI to **map available labour skills** and business needs



- **Talent** attraction and training
  - Creation of a **Deep Tech Lab** to attract talents from across the world
  - AI-specific training options at the **Digital Learning Hub**



- **Improved transfer of technologies** to local businesses
  - Adjusting the **national research strategy**
  - Action plan for **start-ups**
  - Improved **financial support for SMEs** investing in AI and digitisation



- Strengthening **children's mental health**
  - **Digital tool** to simplify medical follow-up
  - Expanded **mental health first-aid training**
  - **Screen-life balance** in schools



# For an effective rule of law



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// **Security, respect for the rule of law and for our fellow citizens are the foundation of our freedoms. We are not creating a surveillance state. We want to guarantee the right to live freely.** //

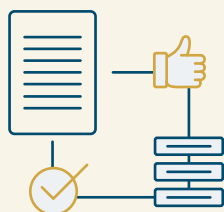
- **More manpower** for the police and the judiciary
  - **Police intake** raised to 200 per recruitment round
  - **Broader access** to judicial careers, including for judges of the administrative courts
  - Revised **training** for legal attachés



- **Expanded legal powers** for police and judiciary
  - Legal basis for **municipal police**
  - Simplified procedures for **Visupol** surveillance
  - Reinforced **eviction measures**



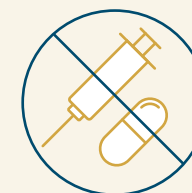
- More **digitised procedures**
  - Electronic data exchange **between judiciary and banks**
  - New software for **electronic case processing**



- **Enhanced cooperation** with neighbouring countries
  - Improved exchange of **administrative data**
  - Draft bill for **automatic number plate recognition**



- **Stronger actions against drug-related crime**
  - **Drogendesch 2.0** with all actors
  - **Crackdown** on dealers
  - **Prevention** and social support



# For a modern and just society



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**We do not want to be silent observers of social changes, we will accompany and oversee these shifts. Our ambition is to shape a modern social policy – in our tax system, our labor law, and our pensions.**

- **Individualisation** of the tax system for equal treatment of all family models
- Presentation of **first options by summer**



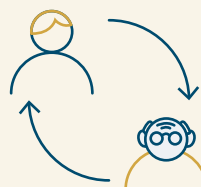
- Better work-life **balance**
  - More flexible **maternity leave**
  - New **family part-time**
  - Modernisation of **labour laws**, in dialogue with social partners



- The pension system is a **promise**
  - A strong public **general insurance** regime
  - Legal pension age remains at **65**
  - **Student and baby years** maintained



- Pension system **financial sustainability ensured for 15 years**
  - Gradual increase of **contributory periods**
  - **Budgetary contributions** via an existing consumer tax
  - **2012 reform** maintained



- **Old-age insurance** for all
  - Introduction of a **progressive retirement** option
  - **Targeted social allowance** against old-age poverty
  - Strengthening of the **3<sup>rd</sup> pillar** for private pensions

