

Luxembourg agrees temporary VAT cut - what you need to know

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In an effort to reduce the impact of inflation on households and businesses, the Luxembourg government met with trade unions on 28 September to agree a new package of measures.

It was agreed that the standard VAT rate be lowered from 17% to 16%, the intermediate rate from 14% to 13% and the reduced rate from 8% to 7%.

For the record, four rates are currently applicable in Luxembourg:

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It is currently understood that the reduced rates will apply as of 1 January 2023. The proposed measures still need to be discussed and confirmed by the Luxembourg Parliament. We will provide an update on the developments accordingly.

For more information about these new proposals and their impact, please reach out to our

Luxembourg tax team.

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