

# DOSSIER

#4 2023 | SUPPLEMENT OF THE AKTUELL



**Analysis of the electoral programs**

**What are the parties proposing?**

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## Introduction

Here we are. The date of the elections, which will determine the new balance of power and the political course of the country for the next five years, is fast approaching. Since the beginning of September, election posters have taken over the streets, campaign pamphlets have piled up in our mailboxes, and campaign commercials have appeared on our screens, to the point where it seems hard to escape this election campaign!

But beyond the beautiful smiles, slogans, and other attractive wrappings that each party uses (and sometimes abuses) to try to win the October 8<sup>th</sup> vote, what are the political parties really proposing? What's in their programs?

The OGBL had announced that it would participate in the electoral campaign! After sending its main demands to the political parties in June (act 1) and organizing a round table in mid-September with representatives of several parties to compare their positions (act 2), the OGBL publishes here, as part of this dossier, an extensive comparative analysis of the electoral platforms (act 3).

However, our analysis is not exhaustive. We focus only on the main issues that affect the daily lives of workers, pensioners and their families, and which fall within the competence of the OGBL.

For reasons of space, this dossier deals only with central trade union issues such as labor law, taxes, pensions, etc. This does not mean that the OGBL is not concerned about the general socio-political orientation of certain parties.

We are currently observing with concern a shift to the right across Europe and even beyond. We must ensure that this trend does not translate into a strengthening of these parties in Luxembourg. And there's no doubt that such tendencies can be found in several parties this time.

This is particularly true of the ADR. Its right-wing populist, nationalist and identitarian ideas run like a red thread through the 326 pages of its electoral program. The ADR evolves politically and ideologically in a bubble cut off from the world, fixated on a supposedly homogeneous Luxembourgish culture and ethnicity, which in reality has never existed and will never exist. The ADR denies the historical evolution of the accumulation of multiple cultural influences, their permanent and heterogeneous mixing, everything that constitutes the true Luxembourgish being, its culture and its movement.

The ADR is guilty of dividing Luxembourg society into "us", the so-called "true" Luxembourgers, who are supposedly defined by the Luxembourg identity card and the Luxembourg language, the "true bearers" of Luxembourg culture. And "them", the bearers of the threatening "foreigner", the for-

eigners living in Luxembourg and the cross-border workers in Luxembourg. A division that affects not only political rights, but also social and economic rights, and tangible discrimination. A division that feeds xenophobia and undermines political, social and economic integration. A division that hampers the unions' ability to defend common interests.

"Liberté-Frâiheet" has split from the ADR. Although this party is running in all four constituencies, we have decided not to include it in this dossier. The program of these (right-wing) libertarians is difficult to compare with that of other parties. For the most part, it reads like discussions around a coffee table or messages on Twitter. The state is to be dismantled as much as possible (with the exception of the police and the judiciary), and "individual responsibility" is to be strengthened. The Liberté-Frâiheet's program doesn't even include a specific chapter on labor law or social policy. The "social" is simply subsumed under the heading of "combating poverty". In the end, Liberté-Frâiheet proposes nothing but ultraliberalism, the dismantling of our social security system and the rights acquired by wage-earners, in a populist guise.

Unfortunately, the KPL's election program was not yet available at the time of this publication. Interested readers can consult it here: [www.kommunisten.lu](http://www.kommunisten.lu)

# Index

For the OGBL, the defense of the index is a red line. Neither capped, nor delayed, nor manipulated, the indexation system must be maintained in its entirety.

All parties support the general principle of wage indexation. However, a more nuanced analysis reveals a number of differences, some of them significant, and uncertainties regarding the interpretation of certain programs. In this respect, two parties cross a red line for the OGBL: the Pirates and FOKUS, who propose index manipulation through a "capped index".

For LSAP, déi Lénk and ADR, index manipulation against the interests of the workforce is ruled out. This seems to be the case with déi gréng as well: however, what they say in their program could have been a little clearer.

The DP also wants to keep the current indexation system. However, it advocates the neutralization of oil products in the consumer basket, which the OGBL categorically rejects. The fact that the DP links such a manipulation of the consumer basket to the condition of an agreement between the social partners should not reassure anyone. In its electoral program, the DP repeatedly mentions its "successful" tripartite agreement, which it scandalously imposed in March 2022 against the advice of Luxembourg's main trade union, and with which it came to manipulate the index. In this context, it should not be forgotten that it was thanks to the opposition of the OGBL that the tripartite meeting in the autumn put a stop to further manipulations already provided for in the tripartite agreement of March 2022 and restored the current indexation system.

The CSV's rejection of a capped index is a positive development. It would also have been positive to say that it wanted to maintain the current indexation mechanism, if it had not then called it into ques-

tion by declaring that it would convene the tripartite to decide on "appropriate measures" in the event of "several indexation tranches in the course of a year".

FOKUS confuses the structural increase in the social minimum wage, long demanded by the OGBL, with the adjustment of wages to inflation. As a result, the party has come out in favor of a capped index, which, we repeat, is not the right way to establish a fairer wage hierarchy. In the end, FOKUS's indexation policy will do nothing for the lower wage brackets and will even call into question the entire indexation mechanism.



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# Collective bargaining agreements

For years, the OGBL has been calling for a new law on collective agreements, given the changing world of Luxembourg companies and the low density of collective agreements.

Discussions on the reform of the law, as foreseen in the government's 2018–2023 coalition program, have not been initiated.

In addition, European Directive 2022/2041 of October 19, 2022 requires any Member State in which the collective bargaining coverage rate is below 80% (which is the case in Luxembourg) to establish a framework offering favorable

conditions for collective bargaining, either in the form of a law after consultation with the social partners, or in the form of an agreement with the social partners. The Member State must also draw up an action plan to promote collective bargaining by November 15, 2024 at the latest. This action plan shall include a precise timetable and concrete measures aimed at gradually increasing the coverage of collective agreements, while fully respecting the autonomy of the social partners.

## LSAP

The LSAP proposes to make access to certain state aid schemes conditional on the conclusion of a company or sectoral collective agreement.

Companies operating in a sector where there is no compulsory sectoral collective bargaining agreement and which conclude a company-wide collective bargaining agreement for the first time should be eligible for temporary tax benefits.

## DP

The DP believes that decisions on work organization should be taken more at

company level, as employers and employees are best placed to know the specific needs of their business.

The DP will therefore strengthen employee delegations and promote opportunities for bargaining at company level, while reviewing the overly rigid provisions of the Labour Code.

## DÉI GRÉNG

déi gréng wants to strengthen collective agreements and social dialogue. Many challenges in the world of work can best be tackled by the social partners at sectoral or company level. The social partners must therefore be supported in concluding

new agreements.

## CSV

The CSV wants to revise the legal provisions on collective agreements. The aim is to allow flexible working models and better working conditions.

The CSV emphasizes that it fully supports freedom of association and wishes to continue regular and ongoing collective bargaining with the CGFP in the spirit of the Collective Agreement.

## DÉI LÉNK

déi Lénk wants to increase the proportion of workers covered by collective bargain-



ing by reforming the legal framework for collective bargaining. This reform should aim to promote sectoral agreements and strengthen workers' right to strike.

### **ADR**

First and foremost, the ADR emphasizes its commitment to a free market economy. Labor contracts must first be negotiated between workers and employers. However, the principle of collective bargaining, whether at the enterprise or sectoral level, must prevail. In this sense, the law on collective bargaining must be improved so that workers and employers negotiate as equals. But the position of the syndicates must also be strengthened. Since many workers will not be covered by collective agreements in the future, the state must continue to set the framework.

### **PIRATES**

With 53% of employees covered by a collective agreement, Luxembourg is far from the 80% target set by the EU. The Pirate Party believes that more employees should benefit from the advantages of a collective agreement. Therefore, it wants to promote the conclusion of more sectoral agreements.

### **FOKUS**

The party does not take a position on this issue in its program.

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## **→ OGBL COMMENTARY**

With the exception of the Pirates, no party makes explicit reference to this European directive, despite the fact that the timetable it imposes coincides with the first year of the new government's term of office.

Neither the LSAP nor the DP plan to reform the law in their programs.

For the LSAP, the promotion of collective bargaining only takes the form of financial support from the state.

déi Lénk is in favor of reforming the law to increase the coverage of collective agreements. In addition to promoting sectoral agreements, the right to strike must also be strengthened (see also LSAP on the right to strike). The ADR also wants to reform the Collective Bargaining Law to strengthen the bargaining position of the unions.

The CSV claims to want to revise the legislation. But this only concerns "flexible work

models". The main objective of the above-mentioned European directive, namely to promote collective bargaining in order to increase coverage, does not appear in its program. Rather, the CSV reveals a limited vision of "trade union freedom" when it grants it for the public sector only to the CGFP and wants to deny the OGBL access to the bargaining table.

The déi gréng's proposals remain vague, as they do not specify concrete measures to achieve the positive objective of strengthening the collective bargaining system.

The DP makes no mention of collective agreements. Worse still, its proposals to make labor law more flexible, thereby extending the scope for bargaining solely through workers' delegations at the company level, leave aside the bargaining power of representative syndicates at the national level. Such a project would primarily serve the interests of employers to the

detriment of employees.



# Social minimum wage

The OGBL calls for a structural increase of 10% in the gross social minimum wage to combat the growing risk of poverty and to reach the European target of 60% of the median wage.

## LSAP

The LSAP wants to increase the social minimum wage by 100 euros net on July 1, 2024 in order to prevent Luxembourg from falling below the European minimum social wage recommendations (60% of the median gross wage or 50% of the average gross wage). The aim is to continue to ensure that the social minimum wage is structurally adapted to economic developments. The social minimum wage should be fully exempt from income tax.

## DP

The DP supports the planned legal adjustment of the social minimum wage. In the future, the DP also wants to place greater emphasis on socially adapted benefits and tax credits for low-wage earners, which should not be at the expense of the competitiveness of companies, especially small and medium-sized enterprises.

## DÉI GRÉNG

déi gréng wants to regularly adjust the social minimum wage in line with wage and price trends and also support low-income earners through appropriate tax measures (such as the "social minimum wage tax credit") to ensure that no one is at risk of poverty despite working and having less than the reference budget.

## CSV

The CSV wants to introduce a degressive tax credit for recipients of the social minimum wage and to maintain the regular increase of the social minimum wage in line with wage developments and the cost of living.

## DÉI LÉNK

déi Lénk wants to increase low wages by setting the social minimum wage at 60% of the median wage, as demanded by the European Trade Union Confederation and recommended in the new European di-

rective on the social minimum wage. The social minimum wage must therefore be increased immediately by around 300 euros. The transition to the qualified social minimum wage after a 10-year career must be guaranteed.

## ADR

In dialogue with trade unions and employers, the ADR wants to increase the social minimum wage and at the same time introduce tax measures for low earners (through the tax credit) so that the new net minimum wage is above the poverty line. The social minimum wage must be tax-free.

## PIRATES

For the Pirates, a fair wage starts with a social minimum wage that keeps people above the poverty line. To achieve this without imposing additional costs on employers, the Pirates believe that the social minimum wage (whether qualified or not) should be tax-free.

## FOKUS

For FOKUS, the increase in the social minimum wage and all provisions of collective agreements that depend on it should be maintained. The social minimum wage should be fully tax exempt.

to adjust the minimum social wage upwards (60% of the median gross wage or 50% of the average gross wage) in line with the recommendation of the European directive. However, it seems that LSAP is more in favor of a tax credit (emphasis on the "net") rather than a real, structural increase in the gross wage as demanded by the OGBL (in addition to the periodic adjustment to general wage trends), although there is also talk of "structural" adjustments to economic trends.

With regard to taxation, LSAP, FOKUS and the Pirates advocate total tax exemption for the social minimum wage. The ADR's statement on this issue is not worth much, as it is qualified by the fact that it wants to "examine" and "if possible" implement this measure.

The DP and CSV promise tax credits without specifying a concrete amount, unlike déi gréng, which gives the so-called reference budget as a guideline for its tax measures. The same applies to ADR.

déi Lénk raises an important point: the transition to a qualified social minimum wage after ten years in a profession must be guaranteed.

It is also interesting that FOKUS refers to the links between collective agreements and the legal social minimum wage.

## → OGBL COMMENTARY

The OGBL welcomes the fact that virtually all parties want to adapt the legal social minimum wage to both price and general wage trends - virtually all, since the ADR statement remains very vague and does not refer to the current legal basis. The Pirates' approach is equally vague, at least lacking the clarification that general wage trends should remain the benchmark for adjusting the social minimum wage.

Two parties, LSAP and déi Lénk, also want

# Legal reduction of working hours

The OGBL is in favor of a legal reduction in working hours. The concrete implementation of this reduction at company and sector level must then be regulated through collective bargaining. More flexible working time models that go beyond the legal framework can only be introduced through collective bargaining. The OGBL also demands a 6<sup>th</sup> week of paid holidays.

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## Introduction of a 6<sup>th</sup> week of paid holidays

### LSAP

LSAP advocates increasing the paid annual leave in the private sector to 6 weeks, i.e. from 26 to 30 days.

### DÉI LÉNK

déi Lénk proposes a short-term reduction in working time by introducing a sixth week of leave for all employees from 2024.

None of the other parties is proposing an increase in statutory holidays. Not even one extra day off!

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## Legal reduction of working time with full pay

### LSAP

The LSAP is in favor of reducing the working week to 38 hours without loss of income. It plans to carry out pilot projects for the implementation of reduced working hours in various sectors. Following these pilot projects, the LSAP plans, if necessary, to set up a framework and subsidy program to help companies make a successful transition to shorter working hours.

### DP

The government-commissioned study on the opportunities and risks of a general reduction in working hours has made it clear to the DP that, under current conditions, there are more potential risks associated with a reduction in working hours than proven opportunities for such a reduction. The DP is by no means closed to a discussion on modern working time models and

is ready to support companies in testing working time reductions on a voluntary basis.

### CSV

The CSV is open to agreements on working time reductions at company level. It is opposed to a general legal reduction in working hours.

### DÉI LÉNK

déi Lénk intends to implement the 32-hour week without loss of pay by 2030, starting with a framework law that provides for a gradual reduction of working hours and, during a transitional period, encourages the reduction of working hours through collective agreements in different sectors to meet the specific needs of employees. The maximum working week will be gradually reduced to 40 hours by 2030. A support package for small and medium-sized enterprises will be provided during the transition period. The use of overtime will be limited by making it fully taxable and subject to contributions.

### ADR

The ADR is opposed to a general reduction in working hours.

### FOKUS

FOKUS is sceptical about a general, structural reduction in working time, as such a reduction would not solve any problems but would create many more. However, FOKUS is in favor of a reduction of working time and compensatory financing whenever this proves to be reasonable, useful and productive for society.

Léenk pull in the same direction as OGBL.

LSAP and déi Lénk support the legal introduction of a 6<sup>th</sup> week of paid leave, as well as a legal and generalized reduction of weekly working hours with full wage maintenance. Both parties plan pilot projects or transitional periods with state support.

On the other hand, the DP, CSV and ADR oppose both the 6<sup>th</sup> week of statutory leave and the legal reduction in weekly working hours.

While the DP at best announces state support for companies for "voluntary" working time reductions "on a test basis", the CSV proposes what is already legally possible today and has been negotiated by the OGBL in certain collective agreements, namely working time reductions "agreed at company level". Because of its programmatic statements, FOKUS is also part of this bloc of parties opposed to a reduction.

déi gréng and the Pirates do not take a position on this important issue for the world of work.

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## → OGBL COMMENTARY

There's a world of difference between the parties on the question of legally reduced working hours with full pay. LSAP and déi

# General organization of working time

## DP

For the DP, certain labor law instruments have not achieved the desired objective, are administratively burdensome, have remained ineffective, or are not in the interest of employees, such as the rigid and inflexible rules on working hours. The DP stresses that it wants to achieve a "family-friendly" flexibilization of working hours by abolishing the current rigid rules and introducing annualized working hours (e.g. 1,800 hours). At the same time, the protection of employees must be guaranteed, for example by maintaining the current maximum daily and weekly working hours. As this contradicts the European Working Time Directive, the DP wants to reform it.

In the future, working hours must be negotiable between employee and employer, without being unnecessarily restricted by inflexible labor law. However, employees and employers who do not wish to do so should still be able to refer to existing regulations.

## DÉI GRÉNG

déi gréng wants to give the social partners the freedom to introduce new working time models and to evaluate and revise the Working Time Law 2016 in consultation with the social partners in order to achieve a "balanced relaxation" in the interests of both employers and employees.

In addition, they want to support and accompany companies that want to test new working time models.

## CSV

The CSV wants to reorganize the organization of working time in dialogue with the social partners.

## ADR

The ADR supports all measures aimed at making working time more flexible. This flexibility must be defined by mutual agreement between the employer and the employee, in consultation with the trade unions. Flexible working hours, i.e. spreading the 40-hour week over several months, must be advantageous to both employer and employee and can only be agreed between them.

## PIRATES

The Pirates want to promote flexible working models in the form of flexitime and annual reference periods. However, working hours must not exceed the legal limit of 48 hours per week. The social partners must also be involved in working out the reference period to be applied together with the companies.

## → OGBL COMMENTARY

The LSAP and déi Lénk say nothing fundamental on this issue. We must therefore conclude that they are sticking to the 2016 law on working time, in addition to their proposals on the reduction of working time and its organization.

It seems that the DP has still not digested this law on working time, in which the OGBL succeeded in preventing a negative flexibilization of working time, which was strongly supported by the employers, against the interests of the Luxembourg workers. The DP is promising the employers a new attempt by dissolving the "current rigid regulations" and introducing a total flexibilization of working hours in the form of a one-year reference period (sic!). The fact that this anti-worker attack on working time even contravenes the European Working Time Directive doesn't seem to bother the DP too much: "We will therefore seek to reform the current European Working Time Directive". Nothing less than that!

The DP conceals from the voter the fact that the 2016 law allows the social partners, at the level of collective agreements, to make working hours more flexible! It does so knowingly, because in its electoral program, the DP not only ignores collective bargaining agreements, but calls into question the bargaining competence of the trade unions as a whole (see the chapter on "Collective bargaining agreements").

In this sense, the DP is drifting completely towards neo-liberal ideology, presenting the working relationship between employer and employee in a charming way, as if both were on an equal footing: "In the future, working hours must be individually negotiable between employee and employer, without being unnecessarily restricted by inflexible labor law. Employees who do not wish to do so can, according to the DP, "continue to rely on existing regulations". Is the DP referring to the total flexibi-

lization it wants to introduce into the law in the form of annualized working hours?

Conclusion: Rarely has a party dared to propose to the electorate such an attack on the interests of the workforce in terms of working hours. The OGBL's answer: 1) A no-go. The DP has crossed a dark red line! 2). The OGBL reiterates that the primary task of labor law is to protect employees from all kinds of excesses regarding working hours. However, this does not prevent the Labor Code from opening up room for maneuver, to a certain extent and within a certain framework, in order to define, guarantee and keep under control, through collective bargaining agreements, exceptions to the organization of working time at the company or sector level.

In contrast to the DP, déi gréng stresses the competence of the social partners to negotiate new working time models and insists that this is the only way to achieve "balanced flexibility".

The CSV suggests, without elaborating, that it wants to "reorganize working time legislation in dialogue with the social partners". However, no mention is made of the important link between working time legislation and collective agreements.

The ADR's position is confused and opaque. There are no clear definitions to determine what is really meant. If "negotia-





tion between the social partners" refers to collective agreements, then what is meant by 1) the statement "agreement between the employer and the employee after consultation with the union" and 2) the statement that "the distribution of working time over several months can only be agreed between the employer and the employee"? What then?

The pirates are making an empty statement. The 2016 law actually allows for longer reference periods through collective bargaining agreements. If the Pirates don't mean the collective agreement by "involving the social partners", then they are proposing a worsening of the law.

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## Sunday Work and Opening Hours

### LSAP

LSAP is opposed to Sunday work. Exceptions to the general rule should only be possible if they are negotiated as part of a collective agreement and give employees advantages over existing legal provisions.

### DP

The DP supports the reform of Sunday working hours. In addition to liberalizing

opening hours, the DP wants to allow every employee to work up to eight hours on Sundays. The DP wants to liberalize opening hours in the retail sector and allow general opening on Sundays without the need to apply for an exemption.

### CSV

The CSV wants to launch a debate on the extension of opening hours. This debate is long overdue.

### DÉI LÉNK

déi Lénk wants to maintain reasonable legal opening hours to ensure the compatibility of family life for people working in the company.

### ADR

For ADR, Sunday work should remain an exception and only be allowed when necessary. Apart from Sunday, however, ADR believes that companies should enjoy the greatest possible flexibility while compensating their employees appropriately.

### PIRATES

The Pirates want flexibility through a collective agreement for the retail sector. They want to ensure that Sunday work is always strictly in line with the protection of employees.

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## → OGBL COMMENTARY

LSAP's position is perfectly in line with that of the OGBL. In déi Lénk, the orientation is also the same. The same applies to the Pirates, who, while advocating what they call a "flexibilization" of Sunday work, want to bind a sectoral collective agreement in commerce to protect employees' interests.

With its intention to liberalize Sunday work, the DP, a party that constantly emphasizes its "family spirit", is trampling on the family and private interests of all those who work in commerce and who, like others, do not benefit from teleworking or working on weekdays. This is unacceptable for the OGBL. It is also a red line.

The debate on extended opening hours announced by the CSV does not bode well for the employees concerned either. The OGBL is against extended opening hours. The conditions for this are not currently in place (including the general extension of collective agreements in the retail sector). The same applies to the position of ADR.

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## Telework and the right to disconnect

### LSAP

The LSAP insists that the right to disconnect and the agreement between the social partners on telework must be strictly respected.

### DP

The DP wants to strengthen the right to disconnect. It will work with the social partners to ensure that this right is respected in all areas.

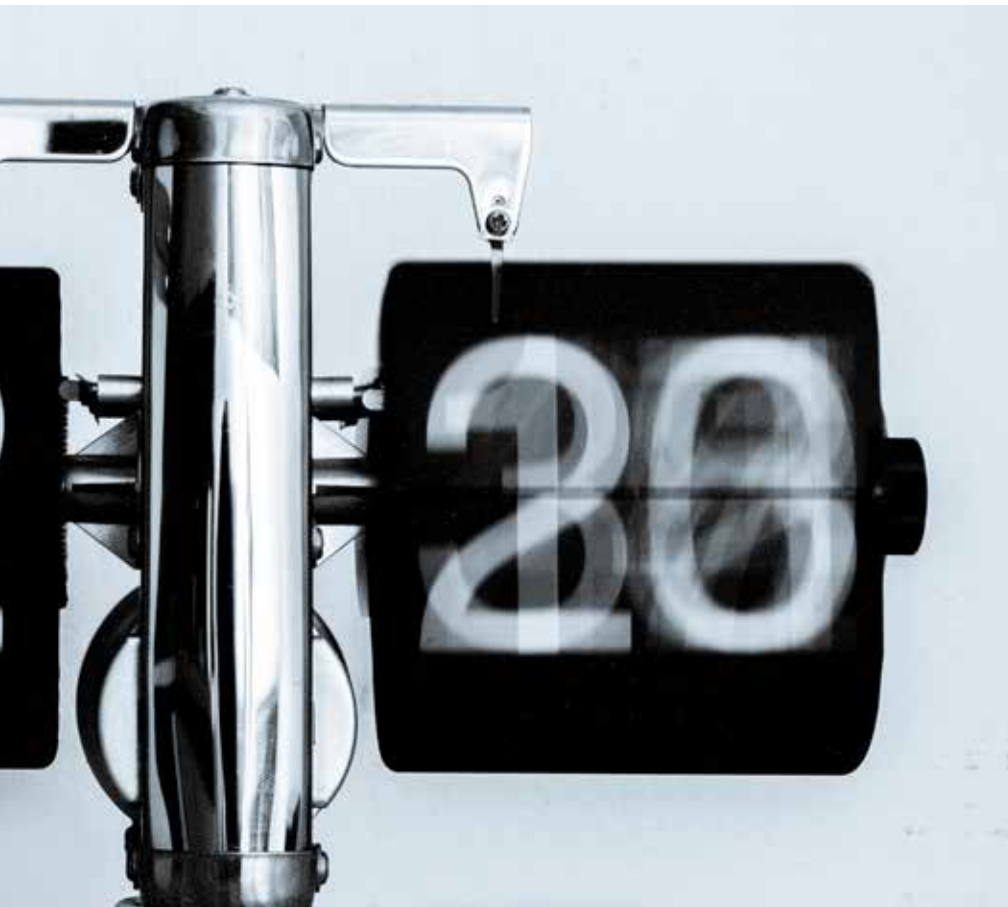
### DÉI GRÉNG

déi gréng wants to implement the right to disconnect quickly, based on proposals from the social partners.

Where the nature of the activity allows, they advocate a minimum of 2 days of teleworking for all employees, whether they live in the border region or in Luxembourg. To achieve this, agreements must be concluded with neighboring countries.

### CSV

The CSV wants to create a clear and reliable legal framework for telework.





## ADR

For ADR, a telework law is needed that regulates all the necessary rights and obligations for employees and employers to avoid abuses on both sides. The principle of mutual agreement between employer and employee, in consultation with trade unions, must be enshrined. Telework should be neither a right nor an obligation, but a bonus should be considered for employees whose work does not allow them to telework.

ADR also points out that the new law on the right to disconnect has many advantages, but that in principle it only applies to companies with a staff delegation or a collective agreement and therefore needs to be extended.

## PIRATES

In addition to the right to disconnect, the Pirates want to encourage telework through tax breaks, both for companies

and for employees working from home. Employees who cannot telework should benefit from an increase in the mileage allowance to 115 euros.

## → OGBL COMMENTARY

The parties don't have much to say about telework and the right to disconnect, as these two issues have already been settled by agreements between the unions and the UEL during the previous legislature. The OGBL is rather skeptical about the benefits for teleworkers proposed by ADR and the Pirates, as they pit one category of workers against another. Working from home should be treated in the same way as working in a company. Nor does the OGBL support tax breaks for companies that allow telework.

There is a general misunderstanding among the parties that a right to disconnect

has been or is being introduced. It is assumed that the employer does not have the right to sue the employee outside working hours. The aim of the agreement, which has now become law, is to ensure that the employee's right not to be contacted outside working hours is respected in all companies. This will now be implemented over the next three years through company or collective agreements. The ADR is wrong to say that this only applies to companies with staff delegations or covered by collective agreements. On the contrary, the law stipulates that every company must respect the right to disconnect.

# Continuous vocational training

For the OGBL, continuous vocational training is a key element in adapting employees to the ecological transition and the digital transformation. In this context, it is necessary to develop and adapt services in a forward-looking way, and above all to strengthen employees' rights and introduce a real right to training.



## LSAP

The LSAP is in favor of expanding the range of training courses available to prepare employees for the use of new technologies. Companies must be encouraged to participate in these programs in order to maintain the employability of their employees.

## DP

The DP mentions the "Skillsdësch" set up by the tripartite and wishes to implement the conclusions of the OECD study carried out on this subject [these are partly in line with the demands of the OGBL, such as the creation of a national tripartite body for the strategic orientation and quality control of continuous vocational training]. In addition, the DP wants to increase public co-financing of continuing training, especially with regard to digitalization and sustainable development. The introduction of training vouchers along the lines of the Dutch model will also be examined. The university's competence center will be further developed.

## DÉI GRÉNG

For déi gréng, it's all about adapting to greener, more sustainable jobs. To this end, training courses will be adapted and a "Luxembourg Energy Transition School" will be created. A national strategy for qualification and training will be introduced, accompanied by a "Skillsdësch" extended to a "Skillsrot" (no details). In addition, programs to adapt to a more digital and greener economy will be launched, especially for the most vulnerable workers. The aim is to adjust financial incentives and ensure that this is taken into account when calculating pensions beyond the age of 27. Finally, the ADEM should provide a wage replacement allowance to enable workers to change careers and acquire additional skills.

### CSV

The CSV calls for a national "skills and guidance" strategy. Continuing education should be massively expanded, the offer should be adapted to digitalization and new jobs in cooperation with, among others, professional chambers and employers' associations (trade unions are not mentioned), and "adapted" measures in companies should be specifically promoted. Private companies are to be financially compensated if the employee concerned subsequently accepts a position in the public sector. The marketing of continuing education should also be further promoted.

### DÉI LÉNK

déi Lénk calls for the introduction of a time savings account for lifelong learning. In addition, training courses should be adapted to technological change.

### ADR

For ADR, training is only an issue in the context of unemployment. In this area, companies and ADEM must work more closely together. The ADEM should also finance long-term training courses such as the Ecole de la 2<sup>e</sup> chance, computer courses and training for nurses. Alternatively,

there should be specific offers for job seekers over the age of 45.

### PIRATES

The Pirates want retraining in "systemically important professions" to be fully financed by the ADEM; furthermore, continuing education is not mentioned in the program.

### FOKUS

For FOKUS, retraining is not mentioned (except for the police), but the planned 9-month "biergerlechen Dëngscht" (civilian service) is to be seen as a "logical continuation" of training and is to be awarded a diploma.

LSAP, DP, Gréng and CSV also provide for the specific development of training for different professional profiles and sectors, which we cannot go into here for lack of space.

LSAP, DP, Gréng and CSV also provide for the specific development of training for different professional profiles and sectors, which we cannot go into here for lack of space.

## → OGBL COMMENTARY

Overall, we can see that, at least for the major parties, the development of continuing education is an important issue, especially in the context of the digital and ecological transition.

At least the DP and possibly déi gréng seem to be responding to the OGBL's call for a new tripartite body to accompany continuing education.

What is completely missing, however, is an extension of employees' rights. The "right to training" is not mentioned by any party, nor is the extension of individual training leave.

Only the déi Lénk, which touches on the issue only marginally, envisages an improvement for workers with the introduction of training accounts, but the details remain vague.

The OGBL had also suggested that employers who do not make an effort to provide training should pay more in order to improve the financing of continuous vocational training. No party calls for this; on the contrary, the CSV and the DP are clearly in favor of increased financial support for companies.

# Protecting jobs

Le thème de la formation professionnelle continue est étroitement lié à la création de nouveaux profils professionnels ainsi qu'au maintien des emplois existants. Dans ce contexte, l'OGBL revendique une réforme de la législation relative aux plans de maintien dans l'emploi et aux plans sociaux, ainsi qu'une amélioration des droits des salariés en cas de faillite.

The issue of continuous vocational training is closely linked to the creation of new job profiles and the preservation of existing jobs. In this context, the OGBL calls for a reform of the legislation on job protection plans and social plans, as well as an improvement in the rights of employees in the event of bankruptcy.

In particular, social assessments should be made mandatory in all companies, in collaboration with the staff delegation, in order to provide for the necessary adjustments in the company's salary structure, job profiles and related training measures. A reform of social plans and job protection plans was already included in the coalition program for 2018, but it was abandoned despite sometimes constructive discussions within the Standing Committee on Work and Employment (Comité permanent du travail et de l'emploi - CPTÉ).

In favor of a reform of social plans and job protection plans: LSAP (which wants to continue discussions within the CPTÉ), déi gréng (a reform of job protection plans with the aim of avoiding social plans "at all costs") and CSV.

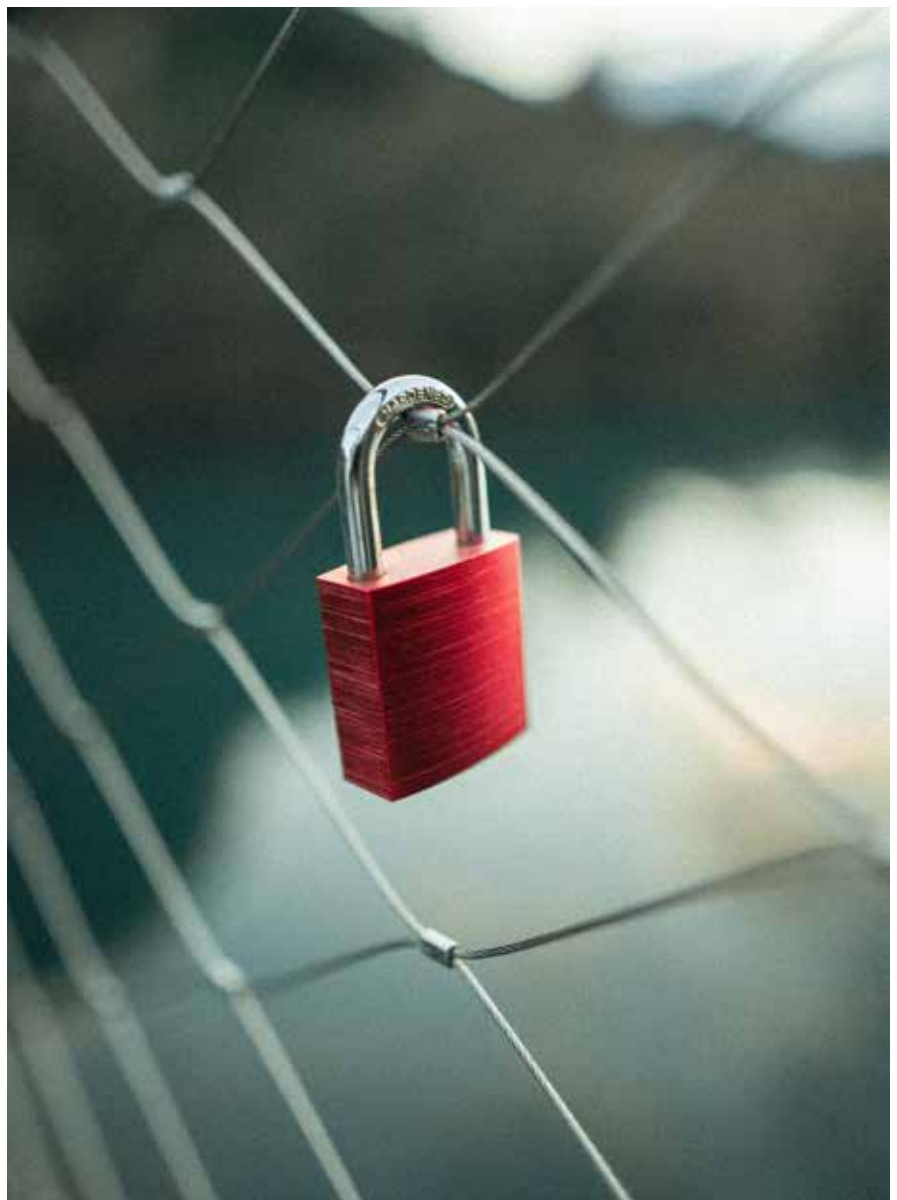
déi Lénk does not call for a reform, but for strengthening the possibilities for employee delegations to monitor the implementation of social plans, job protection plans and collective redundancies. Delegations, like individual employees, should have the right to challenge layoffs in profit-making enterprises.

LSAP and déi Lénk support improved rights for employees in the event of bankruptcy.

The DP wants to strengthen the employer's right to a second chance and does not address the issue of employees. déi gréng wants to complete the reform of bankruptcy law, but does not address employees' rights either.

ADR, Pirates and FOKUS do not even address the issue of employment protection.

None of the parties has taken up the concept of a compulsory social balance sheet in companies, although this would undoubtedly be an important measure to avoid redundancies and to implement the ecological and digital transition at company level without causing social upheaval.



# Taxation

The OGBL calls for a more socially fair tax system: a tax exemption for the social minimum wage (before the application of tax credits), a flattening of the "Mittelstandsbockel" by shifting tax progressivity and additional, higher tax rates for very high incomes.

## Adjusting the tax scale to inflation

The 2016 tax reform did not take up the request to introduce by law a mechanism for the automatic adjustment of the tax scale to inflation. Since then, households have been exposed to eight (!) real tax increases ("cold progression"), resulting in a significant loss of purchasing power. Under pressure from the OGBL, the last tripartite meeting decided to adjust the tax scale by 2.5 indexation bands as of January 1, 2024.

The tax scale must therefore be adjusted by a further 5.5 indexation bands (14.55%) to compensate for the real loss of purchasing power! This is the situation in September 2023. At this stage, we don't know how many index tranches will be triggered by inflation during the next legislative period. One thing is clear for the OGBL. It will not accept that the index continues to evaporate because of a tax scale that is not automatically adapted to inflation! We don't want an index whose net amount is manipulated! Cold progression must be abolished!

### LSAP

LSAP wants the lower level of the first income bracket to be adjusted each time an index bracket is triggered. The OGBL's demand for automatic legal adjustment of the entire tax scale to inflation is therefore rejected.

However, the LSAP indirectly takes into account the delay of the 5.5s tranches in its proposal for a general reform of the tax scale.

### DP

In order to protect middle-income earners from the effects of cold inflation, the DP wants to regularly adjust the tax scale in line with inflation.

An interesting statement, given that the DP Finance Minister has never stopped claiming (wrongly) that adjusting the tax scale to inflation would primarily benefit high-income earners. Let's leave it at that. For its part, the DP's proposal remains vague, as it does not specify what is meant by "regularly". The DP would do well to clarify this before the elections: automatic adjustment or not. At the moment, this does not seem to be the case. And what about the delay of about 5.5 tranches? They no longer seem to count for the DP.

### DÉI GRÉNG

déi gréng has no comment on this important issue.

### CSV

The CSV wants to start its tax reform by fully adjusting the tax scale for the effect of inflation. This will be done in stages.

The CSV seems to want to adjust the 5.5 index tranches in the tax scale. The question of what will happen to future indexation brackets remains completely unanswered! Since the CSV does not mention an automatic legal adjustment of the tax scale, we must assume that it does not want this. An important negative point.

### DÉI LÉNK

For déi Lénk, the tax scale must again be automatically adjusted to inflation in order to avoid hidden tax increases.

déi Lénk therefore wants to meet the OGBL's demand. However, it will not comment on the delay of the 5.5 tranches.

### ADR

The ADR is against the hidden tax increase represented by the so-called "cold progression", which is why the tax scale must be regularly and automatically adjusted to inflation. The same applies here as for déi Lénk.

### PIRATES

The Pirates will support the annual indexation of the tax scale, but this will be limited to the highest bracket of the scale... In this case, it will be capped at the highest bracket on the scale.

The Pirates also want an automatic adjustment of the tax scale to inflation, with a small gap for high to very high incomes. Again, nothing is said about delaying the 5.5 tranches.

### FOKUS

FOKUS advocates a reformed tax scale that is regularly adjusted for inflation. Such a decision must be taken at the beginning of the legislative period.

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## Tax Scale Reform

### LSAP

The LSAP calls for a substantial reduction in the tax burden on low- and middle-income taxpayers. To achieve this, the progressivity of the basic income tax rates must be shifted towards the top of the distribution. In addition, the LSAP would like to see incomes at or below the unconditional social minimum wage no longer subject to income tax. For taxable incomes between €26,067 and €48,837, the rates for each bracket on the scale should increase by only one percentage point. Conversely, the rates for each of the next four brackets on the basic scale would increase by two percentage points instead of the current one. A rate of 40% for the income bracket between 48,837 and 60,000 euros. For the bracket between 60,000 and 100,000 euros, the rate would be 42%; 44% for the bracket between 100,000 and 180,000 euros; 46% for the bracket between 180,000 and 300,000 euros. Two additional brackets of 48% and 49% would be introduced for incomes above 300,000 euros and 500,000 euros respectively.

The LSAP proposals essentially reflect the OGBL's concerns outlined above. What is missing, however, is a clarification of the entry tax rate for the above-mentioned 26,067 euros.

### DP

In the context of the individualization sought by the DP, the DP wants to continue its commitment to reducing the tax burden on low and middle income households. The DP opposes a further increase in the top tax rate and a general increase in income tax.

Unfortunately, the DP's electoral platform is not more specific on this key issue: it is limited to a general statement in favor

of reducing the burden on low- and middle-income earners. However, the DP clearly rejects the OGBL's call for higher taxes on very high incomes.

### CSV

The CSV demands that the initial tax rate should no longer apply to an annual taxable income of 11,265 euros, but that the tax brackets should be widened to 2,500 euros from 15,000 euros. An additional tax bracket of 43% would be introduced for annual incomes above 500,000 euros.

In contrast to the LSAP, which, in addition to exempting the minimum social wage from taxation, manages in its reform model to slow down tax progression through the tax rates applicable to the different tax brackets and thus to smooth out the "Mittelstandsbockel", the CSV does this through wider tax brackets.

However, the additional tax rate of 43% from half a million euros serves as a showcase. In fact, the tax burden for those earning more than half a million euros a year is reduced by the tax relief the CSV wants to achieve in other segments of the tax scale. We are trying to make people believe something that isn't true.

And therein lies the problem: since the CSV has no plans to raise taxes on very high incomes, there is no financial counterpart to the tax relief the CSV proposes for low and, above all, middle-income earners. This problem does not diminish in light of the CSV's other tax proposals. Quite the contrary.

### DÉI GRÉNG

déi gréng wants to eliminate the current inequalities between the three tax brackets, reduce the tax burden on low and middle-income households up to three times the social minimum wage, and take into account families with children. The

progressivity of the tax scale must be increased, as well as the maximum tax rate.

From the point of view of tax reform (individualization and elimination of tax brackets), their proposals, formulated in general terms, go in the right direction (relief for low and middle incomes, increase in progressivity and top rate). They do not include a tax exemption for the social minimum wage.

### DÉI LÉNK

déi Lénk wants to reduce tax progressivity for the lowest incomes. On the other hand, it wants to increase progressivity for higher incomes and gradually raise the maximum tax rate, up to a rate of 50% for the highest incomes. On this point, the general proposals are in line with the OGBL's ideas, including the proposal for a maximum tax rate of 50% for the highest income bracket.

### ADR

Given the country's allegedly difficult economic and financial situation, the ADR does not want to promise a general tax reform for the next legislature, but is moving towards concrete adjustments, in particular to remedy so-called "difficult cases". It also wants to defiscalize the minimum social wage. It does not want to increase the maximum tax rate and therefore does not envisage any additional tax rates. The ADR proposes to increase the tax threshold, which has remained unchanged since 2009. The ADR can also envisage the introduction of additional brackets in the progressive tax scale, in particular to ensure that the burden on low-income earners does not increase as rapidly (1% instead of 2%). To this end, the tax brackets would be widened and the "Mittelstandsbockel" would be abolished.

The ADR promises nothing ("no general tax reform"), "can imagine", claims to "want" something, but "first study it" and "if pos-

sible" implement it. In many places in the ADR electoral program, we encounter this abstract way of making electoral proposals. It includes everything and its opposite. But one thing seems clear: the ADR repeatedly emphasizes, and therefore also in other places in the election program, that it does not want to impose an additional burden on very high incomes, but that it even wants to favor them more.

### **PIRATES**

The Pirates want to abolish the existing tax brackets. For the Pirates, it is unacceptable that our tax system continues to reward one lifestyle and punish another. The goal is full individual taxation. The social minimum wage must be and remain tax free. The Pirates recommend increasing the current top tax rate from 42% to 47%. This increase should be achieved by introducing additional tax brackets up to 600,000 euros per person per year. This means that for a person with an annual income of over 200,000 euros, every euro earned over 200,000 euros will be taxed at 44% instead of 43%, then every additional euro earned over 400,000 euros will be taxed at 45%, and so on.

These proposals are essentially in line with the demands of the OGBL. What is missing, however, is a statement on the progressivity of the tax scale, especially for the middle income tax bracket.

### **FOKUS**

For FOKUS, the lowest incomes should be largely tax-exempt (the minimum social wage should be completely tax-exempt) and the progressivity for middle incomes should be slowed down.

FOKUS also lacks concrete proposals. We welcome the tax exemption of the social minimum wage and the willingness to reduce the burden on low and middle income earners. On the negative side, as with the CSV, there is no increase in the taxation of very high incomes. Here, too, the question of financial compensation arises.

## **Tax credits, tax reductions based on social status, other tax benefits**

### **LSAP**

The LSAP recommends a gradual generalization of individual taxation, accompanied by the introduction of a new single tax scale. This paradigm shift should ultimately guarantee a lifestyle-neutral tax model. To take account of child-related expenditure, the LSAP recommends the introduction of a tax credit for each child in the household. Pending the introduction of a single tax scale, the LSAP suggests either redefining tax bracket 1A to reduce the tax burden on low and middle income earners or providing a five-year transition period for widows

and widowers. A further increase in the tax credit for single-parent families (crédit d'impôts pour les familles monoparentales - CIM) will be considered during the next legislative period, taking into account the number of dependent children. For those entering the job market, the LSAP wants to introduce a tax credit of up to 200 euros for a period of 5 years, which will be gradually phased out from an annual gross income of 100,000 euros.

### **DP**

The DP wants to continue to place greater





emphasis on socially adapted benefits and tax credits for low-income earners, which must not be at the expense of the competitiveness of companies, especially small and medium-sized enterprises. It wants to review income tax allowances and deductions and, if necessary, adapt tax laws to the needs and realities of the modern world of work.

### **DÉI GRÉNG**

déi gréng's main objective is to support people on low incomes (e.g. tax credit for the minimum social wage) and to ensure that no one is at risk of poverty while working and living on less than the reference budget.

They want to increase the maximum tax credit for single-parent families. Current

tax deductions need to be analyzed and, if necessary, adjusted on the basis of social and financial policy considerations.

### **CSV**

The CSV wants to introduce a sliding scale tax credit for people earning the minimum social wage. The transition period from tax class 2 to tax class 1A will be extended from 3 to 6 years. For single-parent families and widows, the initial tax rate will increase from €22,530 to €30,000 and the progression to tax class 1A will be slower. In addition, the CSV provides for tax rebates per child, reductions for people entering the workforce, and adjustments to various deductions, including an increase in the kilometric allowance.

### **DÉI LÉNK**

déi Lénk proposes the introduction of a single tax scale weighted according to household composition and consumption units. This should make it possible to better take into account the principle of ability to contribute, to eliminate existing inequalities according to family situation (single, married, divorced, widowed) and to better take into account the situation of single-parent families. Tax credits, allowances and fixed income tax measures (travel expenses, acquisition costs, special expenses, insurance premiums) must be reassessed to bring them into line with the cost of living and social realities.

### **ADR**

The ADR opposes all tax increases, including all types of indirect taxes, contributions and excise taxes. For the ADR, widows should remain in tax class 2, single people should enter tax class 2, with tax subdivisions according to the number of children, and the "single parent tax credit" can be adjusted upwards. The ADR opposes the individualization of the tax system and calls it "tax oppression of the family". The number of children must be taken into account in taxation, possibly in the form of a negative tax for low-income earners. The various tax depreciation allowances should be adjusted.

### **PIRATES**

The Pirates want to abolish the existing tax brackets in favor of full individual taxation. Single-parent families would fall directly into tax class 2, as these people are currently among the most vulnerable in our country, with a poverty risk of 40%. The "widow's tax" must be abolished, and those affected must no longer fall back into tax class 1A, but remain in tax class 2. All tax credits must be indexed.



# Taxation of Wealth, Inheritance and Capital

Income and wealth inequalities are growing in Europe. Also in Luxembourg. They are a poison for solidarity and democracy in our society. Tax policy can be an important antidote, a corrective: that's why the OGBL calls not only for a more balanced taxation of capital and work by increasing the taxation of capital income, but also for the reintroduction of the wealth tax (individual) for large fortunes and the introduction of a direct inheritance tax in the form of a progressive tax with a tax-free allowance of up to 2 million euros, which also applies to the domicile of the owner himself.

## Wealth and inheritance tax

Wealth tax divides the parties into two blocs: LSAP, déi gréng and déi Lénk pull in one direction, CSV, DP and ADR in the other.

déi Lénk and the Pirates want to introduce a direct inheritance tax (with a tax-free threshold of 1.5 million euros and 5 million euros respectively).

LSAP wants to study the possibility of reintroducing a wealth tax for individuals. It proposes, among other things, an exemption up to a threshold of 2.6 million euros in order to exclude from the tax base the principal residence actually used for residential purposes.

The DP is opposed to a wealth tax for individuals. Such a tax would create a disproportionate administrative burden and reduce the country's attractiveness. For the indirect inheritance tax, the DP wants to lower the thresholds in line with inflation in recent years. The DP is strongly opposed to the introduction of a direct inheritance tax. In order to facilitate the transfer of assets in the direct line, the DP also wants to reduce the taxation of lifetime gifts.

déi gréng wants to introduce a new wealth tax for individuals with very substantial assets. The first residence will be exempt. In addition, there will be an exemption up to a threshold of one million euros. The net wealth will be taxed.

The CSV does not want to introduce a direct inheritance tax or a wealth tax.

déi Lénk wants to reintroduce a tax on

private wealth, with the exception of household savings of less than 200,000 euros and primary residences. A progressive tax rate of between 0.5% and 2% would be applied, and banking secrecy from the tax authorities would be abolished. At the same time, déi Lénk wants to introduce a direct inheritance tax with an exemption of up to 1.5 million euros.

The ADR is clearly opposed to any direct inheritance tax. On the contrary, inheritance tax should be completely abolished up to the fourth degree of kinship. The ADR does not want to see the reintroduction of a wealth tax for individuals, nor the maintenance of national banking secrecy for residents.

For the Pirates, capital gains tax on real estate is an indirect inheritance tax. For this reason, parents' primary residences should be completely exempt if sold within two years. Assets up to five million euros would not be taxed. Above five million euros, each additional euro is subject to gift tax (approximately 1.8%).

## Taxation of Capital Income

déi Lénk and déi gréng respond positively to the OGBL's demand. LSAP, déi Lénk, the Pirates and FOKUS support a tax on financial transactions.

The DP and CSV pull in the opposite direction on all points: invested capital and capital income should continue to be exempt from taxation. The ADR is against a tax on financial transactions and leaves aside the question of capital income (except for building land and real estate, see the chapter on the housing crisis). The Pirates do not want to increase taxes on capital income either, but they do want to motivate "small shareholders" to become active in the financial market through tax relief.

The LSAP supports the introduction of a financial transaction tax, subject to agreement at the level of the Organization for Economic Cooperation and Development (OECD).

In addition to a new stock option scheme (see below), the DP opposes a new tax on digital or financial transactions.

déi gréng wants to ensure fair taxation of capital and capital income. Gains from the purchase and sale of holdings (e.g. shares) should be taxed, even if the holding lasts longer than 6 months and does not rep-

resent more than 10% of the total capital, unless it is a sustainable and environmentally friendly investment as defined by the EU taxonomy and excluding nuclear and gas. In the future, they want to tax income from capital in the same way as income from work, whereas the former is currently taxed at half the rate.

The CSV wants to create further tax incentives for private and institutional investors, such as a partial tax exemption for investments in ESG products and private equity/venture capital.

déi Lénk wants to abolish the current 50% tax exemption on dividends and the €1,500 tax-free allowance on capital gains, and tax all capital gains from the sale of financial securities at the full rate. He wants to support the introduction of a European tax on financial transactions, preferably covering all European countries, as well as increased taxation of online multinationals (GAFA). Banking secrecy for residents must be abolished.

ADR opposes new European taxes, including a possible financial transaction tax.

The Pirates support the idea of a financial transaction tax at OECD level. Small shareholders would be encouraged to become active in the financial markets through a tax allowance.



FOKUS supports a tax on financial transactions. Speculative transactions should be taxed in the same way as regular capital gains. Such taxation should be decided within a broader framework, preferably within the OECD, but also, if necessary, by national law.

### Tax gifts in the wrong direction!

As of 2021, the much-criticized "stock option" system will be replaced by the so-called "participation bonus". Ultimately, the "participative bonus" is nothing more than a salary substitute (up to 25% of gross salary) in the form of a profit-sharing scheme, 50% of which is tax-free for the employee and tax-deductible for the company. The employer decides who receives it and who does not.

The OGBL criticizes this model because it allows a company to 1) indirectly save on labor costs and 2) decide how to distribute it. For the OGBL, there is no reason why the state should finance unfair wage costs and tax exemptions (especially at the highest level of the corporate wage hierarchy) through tax breaks. This system should be abolished. Similar arguments apply to the so-called impatriate regime.

Here, too, the parties differ: déi Lénk wants to abolish these systems. As for the "participation bonus", the LSAP wants a fairer

distribution. CSV, DP and ADR want to develop it.

The DP and the Pirates have other proposals, which the OGBL categorically rejects.

The LSAP wants to reform the 50% tax exemption for the participation bonus and replace the current system of voluntary granting by the employer with a system that guarantees the granting of the bonus to all. The DP intends to continue to promote and make more attractive the participatory bonus.

For the DP, the impatriate scheme is an important tool for attracting talent, which it intends to adapt where necessary. In addition, the DP wants to provide tax incentives for employees to participate in their company's capital and thus involve them more closely in the company's success. A new, attractive stock option program is to be introduced, especially for start-ups.

déi gréng is considering "moderate" tax measures to attract young talent to Luxembourg, as well as talent in areas where there is currently a shortage of skilled workers.

The CSV wants to extend the "participation bonus" as a tax incentive.

déi Lénk wants to abolish the "participation bonus" and the impatriate regime.

The ADR wants only to facilitate the legal migration of highly qualified people, which should also include tax incentives. In this sense, the participation bonus should be reviewed and, if necessary, made more attractive.

The Pirates want to promote "employee actionariat", especially in small and medium-sized companies, and in these cases reduce the tax burden on companies and employees.

### And then this:

① The DP aims at a total exemption from social contributions related to overtime, which will enable people to earn a higher net income.

The DP wants to make overtime cheaper. When the DP talks about "giving people more net from their gross", it overlooks 1) the savings in social contributions for the employer and the state, and 2) the negative impact on future pension benefits for the employee. The OGBL rejects the DP proposal.

The DP wants to introduce the possibility of a tax-free rent bonus. This would allow companies to reward young employees more for their performance. This bonus is specifically aimed at young tenants between the ages of 18 and 35.

Again, the question is whether this will indirectly reduce wage or tax costs for the employer. Why confuse a social benefit with work in the company? Why doesn't the DP propose a general rent subsidy, as the LSAP does (introduction of a "rent tax credit", see the chapter on the housing crisis)?

The Pirates want allowances and bonuses that are not part of regular remuneration to be tax-free up to 5,000 euros. In addition, the Pirates demand a tax-free 13<sup>th</sup> month.

Both proposals are unfair and retrograde: the Pirates don't seem to know that many workers don't benefit from a 13<sup>th</sup> month at all. In other words, the Pirates are in favor of some people receiving part of their annual salary tax-free and others not! It is especially the low paid who will be treated unfairly. The same goes for tax-free bonuses and gratuities.

And the higher the bonuses, gratuities and end-of-year bonuses, the more high-income earners benefit from such tax ex-



emptions: not only in absolute terms, but also proportionally, as the effect of tax progression disappears.

The Pirates' proposal is a slap in the face to all those who want a fairer tax system. What's more, such a system would encourage employers to curb the normal evolution of employees' salaries and replace it with bonuses, gratuities and end-of-year bonuses: they could thus save part of the wage costs according to the principle "on net you lose nothing, you even earn a little more" and "I collect the rest".

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## Corporate taxation

Since the 1990s, the spiral has been downward: worldwide, corporate taxation has been declining and accounts for a smaller and smaller share of each country's tax revenue. Luxembourg is no exception.

The reason is tax competition between European countries and between international economic blocs. There are very few international legal bases or only weak provisions to curb reciprocal dumping. The main beneficiaries are shareholders, especially the major shareholders of multinational companies. Tax dumping exacerbates the unequal distribution of wealth created in much of the world.

Like trade unions in other countries and the European Trade Union Confederation, the OGBL supports the vital fight for international tax harmonization rules and the curbing of tax dumping. The OGBL is therefore opposed to any further general reduction of corporate taxation in Luxembourg. It is important to remember that the outgoing government reduced corporate taxation twice in the last 10 years.

In the electoral platforms of the various parties, there are those that openly address the problem, such as LSAP, déi gréng and déi Lénk. These parties oppose any further reduction in corporate taxation. They draw a link between tax rates and tax bases. In addition to targeted tax subsidies, there are also higher targeted taxes (such as the solidarity tax). These parties emphasize the need for international regulation against tax dumping.

The CSV and DP, on the other hand, are quite different. They openly advocate a further reduction in corporate taxation, complemented by a series of state financial incentives or tax exemptions. Interna-

tionally, the two parties offer nothing.

The ADR opposes international tax harmonization efforts and defends international tax competition. In this context, it mentions the negative effects on distributional justice, but "international developments make it increasingly difficult to change much". And because this is the case, the ADR wants to make its contribution to the continuing spiral of competition by further lowering corporate taxation in Luxembourg.

The Pirates do not make any proposals on the level of corporate taxation.

The Pirates' proposal to merge the IRC (impôt sur le revenu des collectivités) and the ICC (impôt commercial communal) needs an important correction: contrary to what the Pirates claim, the Economic and Social Council (CES) has not come out in favor of it. In fact, the CES has not adopted a communal position on this issue on behalf of employers and trade unions. The Pirates have simply taken the position of the employers' group and misrepresented it as the opinion of the ESC as a whole. That is why we quote the unions' position: "The Employers' Group considers that the CCI represents a certain decentralization of taxation in favour of the communes. Additional financial support from the municipalities will probably be needed in the future to finance, among other things, social rental housing projects. However, an IRC/ICC merger would probably result in additional pressure from a single rate". (CES avis 2021, p. 42/43 - Analyse des données fiscales au Luxembourg 2021) In other words, the OGBL rejects the Pirates' proposal.

FOKUS is in favor of taxing robotics and artificial intelligence in the production process. FOKUS' statement on corporate taxation is incomprehensible, as the corporate tax that FOKUS wants to reduce to 20% is already 15% or 17%. If FOKUS was mistakenly referring to total taxation (corporation tax + business tax + solidarity surcharge), then the 20% proposal would represent a significant reduction in corporate taxation.

# Pensions

In its pre-election program, the OGBL clearly stated its opposition to any attack on our public, solidarity-based pension system. Instead of further cuts in benefits, improvements are needed, starting with an increase in the minimum pension.

## LSAP

The LSAP defends the existing pension system as a contract between generations. It notes that the financial situation is currently sound, but could run into difficulties as early as 2027. In this respect, it refers to the recommendations of the Economic and Social Council, which is currently preparing an opinion on the long-term sustainability of the pension system. However, the LSAP indicates that it would prefer to act on the revenue side (e.g. in the form of a tax on robots). It is also in favor of increasing the minimum pension and simplifying the purchase of pension rights.

## DP

The DP promises "safe, high-quality pensions" for everyone, but is cautious about the adjustments that might be needed. The DP wants to introduce pension splitting here and now, abolish the limit on supplementary income for early retirement and improve pension rights for "assisting spouses" in self-employed households. Otherwise, it's all about strengthening the second and third pillars, i.e. promoting supplementary private and company pensions.

## DÉI GRÉNG

déi gréng wants to guarantee the intergenerational solidarity model by seeking new sources of funding now, while proposing, as in the case of long-term care insurance, that contributions should also be levied on capital income. In principle, the 40-year contribution principle should be maintained. However, both revenues and expenditures need to be adjusted on a regular, forward-looking basis, in line with the precautionary principle, in order to maintain the viability of the social security system. déi gréng supports the individualization of pension rights, flexible transition models to retirement and the abolition of the supplementary income limit for early retirement.

## CSV

The CSV believes that long-term action is needed. For the time being, it wants to carry out a detailed analysis of the financial sustainability of the pension system in the medium and long term. Solutions will then be sought with the social partners. It also advocates a structural increase in the minimum pension and a significant increase in the "baby years" (from 2 to 8 years!) to avoid interruptions in the contribution career. Occupational and private pension plans must be made more attractive and receive tax relief. The opportunities for the self-employed to earn additional income must be brought into line with those of employees.

## DÉI LÉNK

déi Lénk is in favor of retirement at age 60 after 40 years of contributions. In the future, contributions should also be deducted from overtime, student jobs and the revised student grant he wants to introduce. In the case of a voluntary career break, membership in the pension fund will be compulsory. The worsening of the 2012 reform must be reversed by guaranteeing the adjustment of pensions and raising the replacement rate to 1.85. The minimum pension must be raised to the level of the minimum social wage. Additional benefits must be financed by capping contributions at five times the social minimum wage.

## ADR

The ADR describes the Luxembourg pension system as a "pyramid scheme" that is unsustainable and leads to disproportionate growth. In this context, the ADR finds it unacceptable that more and more people are being "infiltrated" into the country in order to finance the imbalances in the financing of the pension system. Consequently, a pension reform is urgently needed, to be implemented by

2028 at the latest, with the aim of guaranteeing pensions until 2070. The cornerstone of this reform must be the Pension Compensation Fund. For the rest, the ADR is waiting to examine the proposals of the Economic and Social Council and the syndicates, among others. The impact of the digital economy and the "export of pensions" on the pension system must also be analyzed. Pension contributions will be increased by 8-9% if all other options are exhausted. Pension adjustments should remain unchanged. The supplementary occupational pension must be modernized and made more accessible to low-income earners, otherwise we need to analyze which of the three pillars best secures pensions. Access to retirement must be made more flexible through time savings accounts, but at the same time workers must be encouraged to stay longer in the workforce. The supplementary income threshold should be completely abolished. The contribution ceiling for the self-employed must be abolished or put on an equal footing with employees.

## PIRATES

The Pirates do not go into detail on pensions. However, there are a few isolated ideas in the program. For example, higher taxes on gambling should be used to replenish pension reserves, and construction workers should be able to retire earlier.

## FOKUS

FOKUS does not want to adapt the pension system, but wants to introduce a basic income for the elderly of 1,000 or 2,000 euros to be paid to everyone over 65.

## → OGBL COMMENTARY

In general, it is to be welcomed that no party has yet come out in favor of the employers' demands to raise the retirement age and reduce benefits. However, the DP and CSV are leaving all doors open and are both in favor of developing private and company supplementary insurance, which is certainly not a declaration of principle in favor of the public, solidarity-based pension system, but rather one that weakens it.

In this respect, it is positive that déi gréng and LSAP are in favor of a revenue initiative in the event of additional funding needs, for example through contributions on capital income. However, they do not completely rule out a deterioration in benefits. The fact that the LSAP and the ADR refer to an opinion of the Economic and Social Council that is not yet available may come as a surprise, especially since, given the diametrically opposed public positions of the OGBL and the UEL, it was clear from the outset that it would be difficult to agree on a common set of recommendations. Since the ADR also speaks separately from the trade unions, it seems to believe that the latter are not represented in the CES.

Large parts of the ADR program are pure doom and gloom. How the ADR intends to reform the pension system remains largely unclear. The former "Rentegerechtheek" party unreservedly embraces the neoliberal "pension wall" rhetoric, while claiming to want to guarantee benefits at their current level. But not for everyone, as the reference to "exporting pensions" shows. For the ADR, it would therefore be an option to limit and abolish the Luxembourg pensions of cross-border workers or immigrants who return to their country of origin at retirement age, even if they have paid into the Luxembourg pension fund for 40 years! In general, the xenophobic tone (not only) of the "pensions" chapter of the ADR electoral program is totally unacceptable to the OGBL.

déi Lénk is the only party that proposes improvements to the current pension system, including additional sources of income and compensatory funding. However, with regard to the demand for the abolition of the contribution ceiling (which is shared by the OGBL), it is questionable whether this will be fully reflected

in higher pensions or whether there will be some degressivity in this regard.

The OGBL has called for the investment policy of the pension fund's compensation fund to be more focused on the local and Greater Region economy, and for investments in nuclear power and companies with the highest CO2 emissions to be abandoned.

In this respect, the LSAP is in favor of risk diversification, while continuing to work towards socially and environmentally responsible investments.

The PD would like to see a portion of the compensation fund's investments continue to be invested in affordable housing projects in Luxembourg, but does not specify whether this portion should be increased.

déi gréng advocates a freeze on investments not only in nuclear power, but in all fossil fuels. The current quota for investment in affordable housing should be fully utilized or increased if necessary.

déi Lénk would like to review the investment strategy and invest more in social housing. However, this would have to exclude retail and office space, which is not the case at present.

For the ADR, the compensation fund should be used exclusively to guarantee private pensions and not to implement "political ideologies". In this sense, the focus should be exclusively on profitability and not on "ideological criteria". The fact that the ADR explicitly supports FDC investments in fossil fuels and nuclear power is somewhat contradictory, since according to the ADR, Luxembourg's energy needs can only be covered by these sources.

The Pirates want at least 5% of the reserves to be invested in affordable housing. For the rest, the FDC's investment policy must be more transparent and both green and profitable.

This is not an issue for the CSV and Fokus.



# Health Insurance

The OGBL's priorities in the area of health insurance are first and foremost to improve benefits, taking into account new medical knowledge and technological developments. The generalized third-party payment system should be introduced as soon as possible. Above all, the solidarity-based system must be maintained and privatization prevented. This also means maintaining compulsory contractual arrangements for medical services.



## LSAP

The LSAP supports the continuation of compulsory health insurance, its solidarity-based financing and equal access to health care for all. Contractual agreements with physicians are defined as the linchpin of the healthcare system. Measures must be taken to ensure the financing of the National Health Fund, bearing in mind that the LSAP wishes to act mainly on the revenue side in order to guarantee services and, where necessary, to develop and improve them. In this context, the LSAP proposes a revision of the nomenclature to bring it into line with medical progress. Coverage should be improved, particularly for dental and ophthalmological care, and osteopathy should be recognized by the National Health Fund. The first-class surcharge should be abolished and the immediate direct payment (IDP) should be rapidly implemented. The pilot project for universal health coverage should be evaluated with a view to making it sustainable and giving it a legal basis.

## DP

The DP wants to modernize the nomenclature. The financing of hospitals should be made more transparent, and it should be examined whether, in the long term, fee-for-service financing, as practiced by the liberal health professions, would be more sustainable for the health system. Special provisions would be introduced for the 78-week threshold to protect patients at risk of relapse from losing their jobs and social security coverage. The countdown would also be suspended in the case of a gradual return to work. The universal health care pilot will be evaluated and, if the results are positive, will be continued.

## DÉI GRÉNG

déi gréng would like to see a thorough

review of the nomenclature of all medical and health services. Hospital financing may need to be reviewed to strengthen structurally weaker specialties. Environmental medicine should be included in the CNS catalogue of services. The abolition of the 1<sup>st</sup> class surcharge must be the subject of negotiations, and the system of immediate direct payment must be introduced on a compulsory basis. Furthermore, the Greens are in favor of a legal basis for universal health care, while at the same time facilitating access to it.

## CSV

The CSV wants to ensure a solid financial balance for the CNS. The nomenclature must be reviewed and the benefits catalogue modernized. The CSV does not reveal what specific improvements will be made, but the aim is to act quickly and decisively. The 78-week limit on sick leave must be reviewed to avoid job and income losses. Immediate direct payment must be introduced as soon as possible, and tariffs must be transferred to doctors more quickly.

## DÉI LÉNK

déi Lénk wants to maintain the compulsory contractualization of services. The generalized third-party payment system should be introduced. The 78-week limit should be completely abolished. To finance the National Health Fund, the contribution ceiling of five times the minimum social wage should be abolished. Universal health care must be established as a fundamental right. The right to social security must be enshrined in the constitution. Social security decision-making bodies must be directly elected by the insured. There would be no more employer representatives, as contributions would be considered part of the wage.

## ADR

For the ADR, in the spirit of a single national health system, all employees and the self-employed should be automatically insured, just as doctors are required to be contracted. However, a reform of the compulsory contract must be undertaken. The overall aim is to give doctors more flexibility in their practice. In addition to employees and employers, self-employed physicians should be represented on the board of the CNS. The nomenclature should be reviewed and adapted to include a time factor in medical services and to make the medical profession more attractive. Improve benefits in the areas of dental, vision, hearing, and alternative medicine. Abolish the 78-week limit and replace it with an alternative system that allows people to keep their health insurance. Treatment abroad and medicines prescribed abroad should be covered by the CNS under the same conditions. Immediate direct payment should be introduced, but on the express condition that private doctors retain their independence from the CNS.

## PIRATES

The Pirates want the time factor to be taken into account in the nomenclature, so that doctors can spend more time with a patient if necessary, without it immediately being billed as a major examination. Finally, universal third-party payment must be introduced. Universal health coverage must be established once and for all, and the administrative barriers to it must be removed.

## FOKUS

FOKUS wants to revise the nomenclature and make benefits more equitable, based on the WHO's three-dimensional definition of health ("physical, mental and social well-being").

## → OGBL COMMENTARY

When it comes to health insurance, there are many similarities between the parties. No one is questioning the compulsory nature of the contract, everyone wants to review the nomenclature and possibly provide additional benefits. The questioning of the 78-week limit, the introduction of immediate direct payment and the idea of universal health insurance seem to be widely shared, which begs the question why

all this has not yet been implemented.

However, the ADR stands out because it clearly sees itself as the voice of liberal doctors and aggressively defends their interests. The financing of a revision of the nomenclature to make the medical profession more attractive (financially) is not explained. The idea that doctors should also be represented in the governing bodies of the CNS is, in any case, tantamount to turning the goat into the gardener. It's hard to imagine how the CNS will be able to negotiate a reasonable price for services in this composition. There is a risk that the insured will have to foot the bill in the form of a higher personal contribution.

The OGBL is also critical of déi Lénk's pro-

posal to hold separate elections for the CNS and CNAP, whose representatives are currently determined by the distribution of seats on the CSL, as was the case before the "statut unique". The multiplication of ballots is a source of confusion for voters and is likely to lead to (even) lower turnout.





# The housing crisis

If we were to present all the proposals for overcoming the housing crisis made by the various parties in our comparative analysis of election platforms, we would run out of pages. That's why we've limited ourselves to the most important themes and key messages.

The platforms on the housing crisis reflect one thing above all: the housing crisis cannot be solved without massive state intervention in the land and property market.

The parties' election programs amount to a veritable renunciation of the power of so-called free market forces to solve the housing crisis. Almost all parties. The ADR is an exception: although it also wants to promote the construction of public rental housing, it continues to rely primarily on the private market, with additional public funding.

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## Public housing market

For years, the OGBL has been calling for a massive increase in the stock of public housing, especially publicly administered rental housing. And what about the platforms of the political parties?

After decades of irresponsible neglect of public housing by both the state and the municipalities, the platforms now promise the opposite.

If, in addition to the LSAP and déi Lénk, a liberal party like the DP wants to follow the model of the city of Vienna (the Viennese model is the world benchmark for public and municipal rental housing), we can speak of a paradigm shift, at least on the level of electoral politics, and we can already look forward to its concrete implementation during the next legislative period. The OGBL will accompany it in a positive way and above all ... judge it by its actions.

Just a few examples from a long list of proposals in the programs to promote the public housing market:

We will massively develop the public housing stock, following the example of the city of Vienna. (DP)

LSAP is inspired by the example of the

Austrian capital, Vienna, which has a long tradition of social housing. The system works because it is accessible to a large part of the population. (LSAP)

We will increase our support to the Fonds du Logement (FdL) and the Société Nationale des Habitations à Bon Marché (SNHBM) to enable them to build at least 800 additional affordable housing units per year. This objective must be achieved within 5 years and must allow, in particular, the creation of rental housing. (déi gréng)

Target the construction of 3,000 affordable housing units per year: It is imperative to increase the proportion of affordable rental housing to at least 30% for construction projects (PAP) of more than 10 units. (déi Lénk)

For each major construction project, a minimum number of housing units must be set aside for social purposes. These housing units must be returned to the state and then used by non-profit organizations for social projects. (Pirates)

The CSV will develop as soon as possible a development concept for the 50 hectares of building land in the Fonds du Logement. (CSV)

In the short term, the aim is to buy up, at reasonable prices, as many private developers' projects as possible that cannot be realized because of the current crisis, in order to allocate them to a large public housing stock in the form of rental housing. (DP)

That private developers also be given the opportunity to build affordable housing projects for the state. Construction by private developers must be defined by an agreement based on strict selection criteria, and profit margins for the developer must remain attractive but limited. In all cases, the land for the construction project must remain under public management (Pirates).

Wherever possible, it should be ensured that public actors acquire the land in question before it is rezoned for development. (LSAP)

We will use some of the money from the Future Fund to buy land. This money will be placed in a building land fund and can be mobilized immediately by public developers or municipalities. (CSV)

Social housing must be reserved exclusively for rental. (déi Lénk)

A plan to create 50,000 housing units on long-term leases should be implemented. (FOKUS)

In general, the state should be more active in the real estate market and make more use of offers of complete blocks (existing or new) for sale in order to increase the stock of public housing in the short term. (DP)

Increase the rate of rental housing by public actors. In the medium term, the LSAP aims to achieve a rental housing rate of around 25%. (LSAP)

As part of the first interim review of the Pacte Logement 2.0, we will increase the proportion reserved for affordable housing (art. 29bis). (déi gréng)

We will significantly increase the number of affordable housing units by requiring municipalities to make at least 10% of affordable housing available for rent by 2030. (déi Lénk).

We will increase the minimum number of affordable public housing units from 20 to at least 30 percent for land that was previously zoned green and is rezoned for new residential development. (CSV)

Perimeter expansions can only be used for public purposes and social housing. (Pirates)

For large developments (over 25 units), reserve 10% of units for affordable, site-appropriate housing and another 10%

for first-time buyers. (ADR)

## → OGBL COMMENTARY

If one were to assess the breadth and depth of the various parties' proposals for developing the public housing stock, it is the manifestos of LSAP, DP, déi Lénk and the Pirates that stand out and come closest to the OGBL's ideas. These three parties are joined by déi gréng and, to a lesser extent, by the ADR, on the need for special promotion of public rental housing.

The paradigm shift in public housing (including public acquisition of land, building sites and buildings) must be financed by a financial fund. Such proposals can be found in the CSV, DP, LSAP, déi Lénk, ADR and Pirates, i.e. in almost all parties.

The following statements concerning the public purchase or sale of building land or public real estate are also interesting:

It must be possible to build on communal and national land without delay. This land must be used primarily for rental housing. Municipalities and the state must not be allowed to sell building land to the highest bidder, thereby contributing to the rise in real estate prices. (DP)

Public purchase of land adjacent to building zones. Wherever possible, we must ensure that public bodies acquire land before it is rezoned for development. We will require municipalities to stop selling their land on the open market, except in the case of a long-term lease or a right of first refusal to buy back the property (LSAP).

We will ensure that no excess taxes are charged on the purchase of building land by public or municipal developers. (CSV)

The sale of land to the public is tax exempt if the land is for affordable housing. (ADR)

Affordable rental housing under public management may not be transferred to private management (ADR).

All sales to public developers must be prohibited. (déi Lénk)

For the Pirates, social housing must be rented, not sold, because social housing that is sold is no longer social housing. (Pirates)



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## Measures against speculation

The OGBL calls for a consistent policy against speculation in land, building land and real estate, against the retention of building land, against vacant housing and against the excessive concentration of land, building land and real estate in the hands of a wealthy minority. Both of these factors are major contributors to price trends in the housing sector.

All parties, with one exception, are in favor of introducing a national mobilization tax on vacant properties or on the retention of undeveloped land. ADR is against. ADR also opposes any increase in property taxes.

In general, the parties envisage only minor differences from the current legislative proposals (property tax, "Baulandvertrag").

The DP, for example, wants to increase and accelerate the mobilization tax "in the next step". The OGBL can only agree, as this is one of our critical points in relation to the current reform proposal. The only question is why the DP doesn't want to change the current law accordingly.

And FOKUS, for example, which, in contrast to the proposed exemption of single-family homes from property tax, wants to abolish property tax for single-family homes altogether. Or the Pirates, who want to introduce a targeted tax when developers have not yet applied for a building permit for a plot of land. Small properties would remain exempt.

But there are also proposals that go further in the fight against speculation:

Like the OGBL, déi Léink also wants to link the mobilization tax to a progressive property tax to curb the excessive concentration of building land and real estate in the private sector:

"We will combat real estate speculation and the concentration of land ownership by means of a progressive property tax on real estate other than the principal residence, the rate of which increases with the value of the real estate assets (excluding the principal residence), weighted by an equally progressive tax surcharge in the event of withholding of building land or prolonged vacancy of real estate for speculative reasons.

In this context, it is worth mentioning the

LSAP's intention to closely examine the reintroduction of a wealth tax. (See the chapter on wealth tax).

déi gréng, LSAP and ADR make another proposal that can be seen as an anti-speculation measure: the introduction of a tax that takes into account the potential capital gain generated by a change in land classification.

The LSAP is in favor of a tax that captures the potential capital gain resulting from a change in land classification favorable to the owner. (LSAP)

Introduce a tax on capital gains resulting from administrative decisions (e.g. an extension of the building perimeter or an increase in the permitted building density). (déi gréng).

A value-added tax on land within the building perimeter that is not for private use or undeveloped housing. (ADR)

Three parties (LSAP, Pirates and FOKUS) take up the issue of limiting speculative foreign investment activities. ADR calls for a further tightening of legislation on "specialized investment funds".

Limiting foreign investment from outside the EU. We are studying the possibility of limiting the acquisition of real estate to natural and legal persons who actually reside in Luxembourg or who are EU citizens. (LSAP)

Switzerland has a law that prohibits foreign investors from being active in the real estate market (Lex Koller). The Pirates want to legally examine which Lex Koller could be implemented in our country in accordance with European law. (Pirates)

FOKUS wants to ban speculative investments from outside the European Union in Luxembourg. (FOKUS)

Make the concentration of building land in "specialized investment funds" less attractive from a tax point of view. (ADR)

One party provides for a case of confiscation in the fight against speculation:

Ensure that, as a last resort, empty houses and wastelands used for purely speculative purposes are confiscated from developers and investors. (déi Léink).

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## Taxing the sale of land and property

A number of proposals are aimed at increasing the taxation of profits (capital gains) from the sale of real estate.

Speculative gains in particular are to be curbed. The parties differ in the scope of their proposals. Here is the ranking in terms of scope: déi Léink, LSAP, déi gréng and then CSV.

The Pirates and the ADR either don't want to hear or don't mention higher taxation of profits, and the DP even goes in the opposite direction.

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## Sale of a principal residence

Capital gains realized on the sale of a principal residence remain tax-free. (LSAP and déi Léink).

Citizens who change their principal residence and sell their property for this purpose must be able to continue to do so without being penalized by the tax authorities. (déi gréng)

Not refunding the full premium if the house was sold more than 10 years ago (...) In the future, only the proportional amount calculated on the basis of the months during which the buyer actually stayed in the house will be refunded. (ADR)

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## Sale of real estate (not your own home)

All gains from the sale of land or buildings are taxed at the general rate. (déi Léink)

The time limit for claiming speculative gains - currently gains from the sale of real estate are no longer considered speculative gains after 2 years - will be extended to 5 years (LSAP).

We will extend the holding period for benefiting from the reduced 20% tax rate on "capital gains" from the sale of real estate from two to five years (CSV).

We will extend the period after which real estate capital gains are taxed at half the average rate and revise existing allowances. (déi gréng)

When selling land or a house, we will halve the capital gains tax for one year, bringing

it down to 10.5%. (CSV)

Reintroduce the "global quarter rate" for a limited period. (DP)

Reauthorize, for a limited time, the transfer of capital gains on the sale of real estate when a rental property is sold and the proceeds are invested in new construction. (DP)

The former 10-year exemption of 50,000 euros no longer serves any purpose and can therefore be abolished. (LSAP).

The 10-year exemption should be abolished. (déi Lénk)

The current allowance of 75,000 euros for the transfer of a building acquired through direct inheritance will be doubled to 150,000 euros in order not to penalize people who inherit their parents' house once in their lives (LSAP).

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## Sale of residential property to the public authorities or to a non-profit social housing developer

Reduce the capital gains tax rate for property owners when they sell their property to a non-profit developer (LSAP).

We will ensure that no capital gains tax is charged on the purchase of building land by public developers or municipalities. (CSV)

Capital gains realized on the sale of real estate transferred to the State, municipalities and groups of municipalities (with the exception of land subject to the right of first refusal) will remain tax-exempt. (déi Lénk)

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## Buying your own home - state support

The LSAP, the DP, the CSV, déi Lénk and the Pirates want either to abolish the registration fees for the purchase of a home or to modulate them socially. déi gréng suggests the latter, without being specific. FOKUS and ADR want to abolish or reduce registration fees for all purchases, not only for housing.

Registration fees are waived for the purchase of a primary residence. This benefit



is granted twice in a lifetime (LSAP).

One-time exemption from registration fees for first-time buyers of real estate for personal use. (DP)

Analyze tax benefits and write-offs in housing policy and adjust them according to their impact on housing prices and social inequalities. (déi gréng)

We will increase the "Bëllegen Akt" tax credit from 30,000 to 50,000 euros. (CSV)

Increase the "Bëllegen Akt" on the first purchase of a house or apartment from 30,000 euros to 50,000 euros. (ADR)

Modulate the amount of the tax reduction on registration and transfer fees, known as "bëllegen Akt" - currently set at 30,000 per purchaser - to take better account of the household composition and income of purchasers, and in particular to support single-parent families (déi Lénk).

That registration fees for the purchase of a primary residence should be completely waived if the buyer stays there for at least two years (Pirates).

FOKUS wants to abolish the "registration fee" for all transactions involving housing used as a private residence. (FOKUS)

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## Loans and bank interest

Four parties (LSAP, CSV, déi Lénk and ADR) are proposing improvements in the face of rising interest rates on construction loans:

State guarantee for housing loans. We will reform the current system to allow access to a larger number of beneficiaries. (LSAP)

Rising interest rates are weighing on the real estate market, penalizing even potential buyers who want to sell their home to buy another one. LSAP believes that in such cases, the borrower should be able to maintain his or her creditworthiness at the original conditions in order to finance the newly acquired property (LSAP).

We will increase the maximum amount of interest deductible per year: from 3,000 to 4,000 euros for the first five years, from



Housing subsidies must benefit a greater number of people: increase by 25% the income limits set by regulations, for example those relating to the purchase premium. (ADR)

The total amount of VAT allowed on housing should be 3% for the purchase of a home costing between 50,000 and 100,000 euros. (ADR)

A fundamental reduction of VAT to 3% on all construction work for private housing. (FOKUS)

The Pirates want to increase the maximum government guarantee for first home loans.

(Pirates)

2,250 to 3,000 euros for the following five years, and from 1,500 to 2,000 euros for each year thereafter. (CSV)

A mechanism financed by banks and the state will be set up to help households affected by rising interest rates to repay mortgages taken out to purchase a principal residence. (déi Lénk),

Increase the mortgage interest subsidy from 175,000 euros to 300,000 euros. (ADR)

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## Various

CSV: We will double the amount of VAT exemption on the purchase of a principal residence ("TVA Logement" 3%); from 50,000 to 100,000 euros.

We will refocus housing subsidies and revise the 1979 law (CSV).

Adjust public housing subsidies to current real estate market conditions and inflation. (DP)

# Tripartite and national social dialog

The "Luxembourg model" of social dialogue has often made it possible to find solutions in the interests of the population, thus ensuring social peace in Luxembourg. This balance must be maintained so as not to sideline the legitimate demands of workers and pensioners, the majority of whom are not eligible to vote in Luxembourg's legislative elections. The OGBL demands that the political parties come out clearly in favor of maintaining the current composition of the tripartite bodies, based on the criteria of national representativeness.

## LSAP

The LSAP defends the maintenance of the tripartite instrument that guarantees social dialogue and social peace. In its view, it is the place where employers and workers can engage in dialog on an equal footing and where the government, in agreement with the social partners, can take short-term decisions for the benefit of workers and citizens.

The LSAP stresses that it will also defend the right to strike.

## DP

The DP stresses the importance of the Luxembourg social model in times of crisis in order to find consensual solutions with the social partners. For the DP, tripartism is an integral part of the successful Luxembourg model. The DP wants to take new measures in dialogue with the social partners in order to guarantee the purchasing power of the citizens and the survival of the most affected companies and thus their jobs.

For the DP, it is essential to consult the social partners before drafting legislation that directly affects them.

## DÉI GRÉNG

déi gréng wants to strengthen the social dialogue by reforming the Tripartite Coordination Committee to ensure that, in addition to employers and trade unions, environmental and climate protection and the fight against poverty are better represented.

## CSV

The CSV underlines its firm commitment to the Luxembourg social model and to

social dialogue. It wishes to take all general policy decisions within a well-prepared tripartite framework. Parliament has the last word. All major social policy issues must be the subject of regular consultation with the social partners.

## ADR

The ADR is convinced of the value of good social dialogue, for example within the tripartite framework. A good, constructive social dialogue based on trust is also an important asset for the country.

déi Lénk, the Pirates and FOKUS have no opinion on this issue.

relation to the government and in relation to the measures to be taken in the event of an acute crisis in general. Such a development would run counter to society's general interest in social peace and would probably spell the end of the Luxembourg social model.

The OGBL regrets that, with the exception of the LSAP and déi Lénk (see under "Collective agreements"), the electoral programs of the other parties do not attach any particular importance to the right to strike.

The OGBL welcomes the intention of the DP and CSV to consult the social partners on key issues of concern to them.

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## → OGBL COMMENTARY

The OGBL welcomes the fact that LSAP, DP, CSV and ADR want to maintain the current legal model of tripartite bargaining at the national level.

The OGBL categorically rejects the reform of the national tripartite system envisaged by déi gréng, as it amounts to a hijacking of the important legal mission of the tripartite system. The tripartite system must remain an instrument for finding solutions in situations of acute economic and social crisis. And in such a situation, it is of the utmost importance to defuse the potential for conflict between the interests of employers and workers. And these interests, as we know, are represented by nationally representative employers' organizations and syndicates. These organizations would be weakened if both their scope and the number of participating organizations were expanded, both in

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## SOME OTHER OGBL DEMANDS

déi Lénk are in favor of a single occupational health service as demanded by the OGBL; LSAP, DP, Greens and Pirates are in favor of improving or expanding existing services; CSV, ADR and FOKUS do not consider occupational health to be an issue.

LSAP, déi gréng, déi Lénk and ADR are in favor of regulating work on platforms and combating the phenomenon of bogus self-employment; the other parties do not address this issue.

ADR believes that human rights due diligence for companies is only possible on a voluntary basis and rejects national legislation. Such legislation is called for by déi gréng, déi Lénk and the Pirates. The LSAP will continue to advocate European regulation, as will the DP, which stresses that the main burden should not fall on companies. This point is not on the agenda of CSV and FOKUS.

The call for a structural increase in REVIS is broadly supported by the DP, which wants the tax credit to be permanently incorporated into the REVIS base amount. The CSV wants to include the cost-of-living allowance (allocation de vie chère - AVC) in the REVIS amount, in addition to the regular adjustment to wage trends, but does not foresee any further adjustment. déi Lénk. wants to abolish the existing REVIS rules altogether and replace them with a guaranteed minimum income at the level of the at-risk-of-poverty threshold. For the ADR, REVIS alone is not enough to make ends meet, but the goal should be to get people off welfare as quickly as possible so that they can assume personal responsibility.

An increase in the maximum duration of unemployment benefits, as demanded by the OGBL, is supported by déi Lénk, who also want to make the limits of reasonableness more flexible and transparent. The DP, for its part, wants to further tighten the reasonable limits for accepting work.

The CSV wants to change the legislation on long-term unemployment to combat it, but does not say how. The ADR wants to reduce ADEM benefits, with compensation for local people. The latter would also be given preference over cross-border workers in the allocation of jobs. This is a clear no-go for the OGBL, which will not accept such a division of the workforce.

With regard to family benefits, where the OGBL is demanding a structural reevaluation to at least partially compensate for the loss of value due to de-indexation between 2006 and 2021, the DP is in favor of increasing family benefits, but only for children over the age of 12. déi Lénk, on the other hand, wants to increase child allowances by 10% for all children to compensate for the de-indexation. Similarly, the ADR wants to gradually compensate for the de-indexation starting in 2006 by paying higher child benefits again when the number of children is higher. In the long term, the family allowance is to be replaced by a parental allowance. déi gréng wants to abolish family allowances in their current form and combine all social benefits for children into a basic child guarantee, which would be calculated on the basis of a new reference budget for children's needs. The CSV wants family allowances to be socially staggered and to increase from the 3<sup>rd</sup> child onwards. Parents who educate their children at home and therefore do not send them to state schools will receive twice as much in family allowances - an arch-conservative program that one would rather have expected from more right-wing parties. Moreover, the equal treatment of natives and cross-border workers, which the OGBL defends, is not an issue in the Luxembourg election campaign.

The improvement of leave for the second parent at the time of the birth, demanded by the OGBL, is shared by the DP, which proposes to increase it to 15 days, but

with most of it paid by the state and not by the company, as well as by déi gréng (which only talks about "extending" the leave), déi Lénk and the Pirates, who both want to extend this "maternity leave" for the partner to three months. The CSV does not want to extend this leave, but to make it more flexible. Many parties, including those opposed to shorter working hours, propose various concepts of parental leave without loss of pay to enable parents to spend more time with their children. Such concepts can be found in LSAP, déi gréng, CSV (but here in the form of "parental hours" without wage compensation) and FOKUS, while DP and Pirates want to extend the existing parental leave. The difference with a general reduction in working hours is not only that this measure is limited in time and applies only to employees with small children, but also that it should not cost companies anything and should instead be seen as a state social benefit.

no false  
promises

# **STRONG ACTIONS ONLY**

We have  
defended  
the index  
and continue  
the fight.

**OGB•L**  
— THE TRADE UNION