

The Property Tax Reform Bill

To clamp down on speculation and the growth of property prices, Bill No. 8082 (**Property Bill**) was filed with the Luxembourg Parliament on 10 October 2022 reforming the land tax (*impôt foncier* - **"New IFON"**) and introducing two new national taxes: a land mobilisation tax (*impôt à la mobilisation de terrains* - **"IMOB"**) and a tax on the non-occupation of housing (*impôt sur la non-occupation de logements* - **"INOL"**).

The New IFON

The New IFON will continue to apply to all owners of land in Luxembourg (with a lump sum tax deduction of EUR 2,000 for the primary residence - subject to conditions).

The main point of the reform is the update of the land values which have not changed since 1941. The revised new values of land is largely conditioned by the building potential according to the classification in the General Development Plans (PAG).

For the rest, the calculation method remains unchanged, i.e. the (revised) base value will be multiplied by a municipal tax rate set by each municipalities (within a range of 9% to 11%).

The New IFON is levied yearly by municipalities and is tax deductible for individual and corporate income tax purposes.

An estimation can be made on a dedicated [website](#).

The IMOB

The IMOB aims to create an incentive for the actual construction of buildings on land earmarked for urbanisation. It will require the establishment of a national register of undeveloped land.

The IMOB will be calculated on the same basis as the New IFON but will be multiplied by a progressive tax rate increasing with the number of years the land remains undeveloped. A lump sum deduction from the basic value is foreseen for taxpayers younger than 25 or having children under 25.

The IMOB is not tax deductible.

The INOL

The INOL aims to tax a building constructed for residential purposes that remains

unoccupied (i.e. when no natural person is registered in it for a period of six months). To establish that a dwelling is not occupied, a national register of buildings and dwellings will be created.

The INOL will amount to EUR 3,000 per dwelling for the first year. The tax will increase by EUR 900 per year up to a maximum of EUR 7,500. If the property remains unoccupied, this amount will be due annually.

The INOL is not tax deductible.

For any further information please contact us or visit our website at **www.elvingerhoss.lu**.

The information contained herein is not intended to be a comprehensive study or to provide legal advice and should not be treated as a substitute for specific legal advice concerning particular situations.

We undertake no responsibility to notify any change in law or practice after the date of this newsletter.