



LUXEMBOURG



ACEA TAX GUIDE 2022

CHAPTER PREPARED BY

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1. TAXES ON ACQUISITION

1.1. VAT

New vehicle

Private cars and commercial vehicles: 17%.

Second-hand vehicle

Vehicle purchased from a person not registered for VAT: no VAT.

Vehicle purchased from a person registered for VAT: 17% on:

- the gross profit margin if the vehicle was acquired by the taxable person (eg the dealer) from a person not registered for VAT; or
- the invoiced amount if the vehicle was purchased from another person registered for VAT.

1.2 VAT EXEMPTIONS

The VAT paid on the purchase of a private car or commercial vehicle by a taxable person is wholly deductible, provided that the motor vehicle is deployed in an activity giving rise to the deduction of input VAT. This deduction is applicable to both new and second-hand vehicles.

1.3 REGISTRATION TAX

Revenue stamps amounting to €50, supplemented by:

- €24 in case of transfer of an existing registration number to a new vehicle; or
- €50 in case of a personalised registration number allocated for the first time.

Number plates are issued by a private company (*Grün Signalisation*) and cost about €15 (VAT inclusive) per plate.

1.4 INCENTIVES ON ZERO EMISSION VEHICLES

Tax allowance	Consumption	Amount (€)
Battery electric vehicles (BEV) Electric or fuel cell vehicles (hydrogen) Private persons, legal persons under private law Category M1, N1	≤ 18 kWh	8,000
	> 18 kWh	3,000
Plug-in hybrid electric vehicles (PHEV) Private persons Category M1	1 January 2022	

2. TAXES ON OWNERSHIP

2.1 BASIS OF ASSESSMENT

Private cars	CO2
Buses and coaches	Category (M2 or M3)
Commercial vehicles	See following pages

2.2 RATES

2.2.1 Private cars (M1 category) registered after 1 January 2001

This includes vehicles powered by an electric motor or by a fuel cell and hybrid vehicles combining a piston engine with an electric motor or a fuel cell. Vehicles are taxed according to their fuel system (petrol or diesel):

- Minimum annual tax: €30
- Annual tax is calculated based on CO2 emissions; for cars registered for the first time in the EEA (European Economic Area) as from 1 January 2021, the WLTP CO2 emissions value is taken into account.

- $Tax = a \times b \times c$

a = CO2 emissions in g/km

b = 0.9 for diesel and 0.6 for other fuels

c = exponential factor: CO2 < 90g/km = 0.5, increased by 0.1 for each additional 10g/km

CO2 emissions (g/km)	Exponential factor	CO2 emissions (g/km)	Exponential factor
1–90	0.5	291–300	2.6
91–100	0.6	301–310	2.7
101–110	0.7	311–320	2.8
111–120	0.8	321–330	2.9
121–130	0.9	331–340	3.0
131–140	1.0	341–350	3.1
141–150	1.1	351–360	3.2
151–160	1.2	361–370	3.3
161–170	1.3	371–380	3.4
171–180	1.4	381–390	3.5
181–190	1.5	391–400	3.6
191–200	1.6	401–410	3.7
201–210	1.7	411–420	3.8
211–220	1.8	421–430	3.9
221–230	1.9	431–440	4.0
231–240	2.0	441–450	4.1
241–250	2.1	451–460	4.2

251–260	2.2	461–470	4.3
261–270	2.3	471–480	4.4
271–280	2.4	481–490	4.5
281–290	2.5	491–500	4.6

Example:

- Diesel car with CO₂ emissions of 145g/km $\Rightarrow 145 \times 0.9 \times 1.1 = \text{€}143.55$ rounded to €143
- Petrol car with CO₂ emissions of 225g/km $\Rightarrow 225 \times 0.6 \times 1.9 = \text{€}256.50$ rounded to €256

2.2.2 Private cars (M1 category) registered before 1 January 2001 with no CO₂ value available

Rate multiplied by 100cc

Engine capacity (cc)	Diesel (€)	Other fuel (€)
1–1,600	6.00	6.00
1,601–2,000	7.00	7.00
2,001–3,000	10.50	9.50
3,001–4,000	13.50	11.50
$\geq 4,000$	15.00	12.50

2.2.3 Buses and coaches (M2, M3 categories)

From 1 November 2007

Category	Yearly tax (€)	6-month tax (€)
M2	150.00	80.00
M3	250.00	130.00

2.2.4 Vans, lorries and road tractors

Vans, lorries and road tractors with a maximum vehicle weight (MVW) of less than 12t

Empty mass (t)	Yearly tax (€)	6-month tax (€)	Empty mass	Yearly tax (€)	6-month tax (€)
1–600	50.00	–	2,601–2,800	237.00	123.00
601–800	67.00	–	2,801–3,000	254.00	132.00
801–1,000	84.00	47.00	3,001–3,200	271.00	140.00
1,001–1,200	101.00	55.00	3,201–3,400	288.00	149.00
1,201–1,400	118.00	64.00	3,401–3,600	305.00	157.00
1,401–1,600	135.00	72.00	3,601–3,800	322.00	166.00
1,601–1,800	152.00	81.00	3,801–4,000	339.00	174.00
1,801–2,000	169.00	89.00	4,001–4,200	356.00	183.00
2,001–2,200	186.00	98.00	4,201–4,400	373.00	191.00
2,201–2,400	203.00	106.00	4,401–4,600	390.00	200.00
2,401–2,600	220.00	115.00	4,601–12,000	425.00	217.00

Lorries and road tractors with an MVW of 12t or more

Number of axles = 2				
MVW (kg)	Pneumatic suspension or equivalent		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–15,000	255.00	132.00	255.00	132.00
15,001–19,500	255.00	132.00	274.00	142.00
19,501–20,500	255.00	132.00	280.00	145.00
20,501–21,500	255.00	132.00	305.00	157.00
21,501–22,500	255.00	132.00	330.00	170.00
> 22,500	255.00	132.00	330.00	170.00
Number of axles = 3				
MVW (kg)	Pneumatic suspension or equivalent		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–19,500	255.00	132.00	255.00	132.00
19,501–20,500	255.00	132.00	280.00	145.00
20,501–21,500	255.00	132.00	305.00	157.00
21,501–22,500	255.00	132.00	330.00	170.00
22,501–23,500	255.00	132.00	355.00	182.00
> 23,500	255.00	132.00	380.00	195.00
Number of axles = 4				
MVW (kg)	Pneumatic suspension or equivalent		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–19,500	255.00	132.00	255.00	132.00
19,501–20,500	255.00	132.00	280.00	145.00
20,501–21,500	255.00	132.00	305.00	157.00
21,501–22,500	255.00	132.00	330.00	170.00
22,501–23,500	255.00	132.00	355.00	182.00
23,501–24,500	255.00	132.00	380.00	195.00
24,501–25,500	255.00	132.00	405.00	207.00
25,501–26,500	255.00	132.00	430.00	220.00
26,501–27,500	255.00	132.00	455.00	232.00
27,501–28,500	255.00	132.00	480.00	245.00
> 28,500	365.00	187.00	537.00	273.00

2.2.5 Trailers

Trailers with an MVW of less than 12t

Maximum mass (kg)	Yearly tax (€)	6-month tax (€)
1–750	0.00	–
751–1,000	25.00	–
1,001–1,500	40.00	–
1,501–2,000	55.00	–
2,001–2,500	70.00	–
2,501–3,000	85.00	47.00
3,001–3,500	100.00	55.00

3,501–4,000	115.00	62.00
4,001–4,500	130.00	70.00
4,501–5,000	145.00	77.00
5,001–11,999	150.00	80.00

Trailers with an MVW of 12t or more, except semi-trailers

Number of axles = 2 or less				
MVW (kg)	Pneumatic suspension or equivalent		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–13,500	370.00	190.00	565.00	287.00
13,501–15,000	370.00	190.00	580.00	295.00
15,001–16,500	370.00	190.00	595.00	302.00
16,501–18,000	370.00	190.00	610.00	310.00
18,001–19,500	370.00	190.00	625.00	317.00
19,501–20,500	370.00	190.00	640.00	325.00
> 20,500	370.00	190.00	650.00	330.00
Number of axles = 3 or more				
MVW (kg)	Pneumatic suspension or equivalent		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–28,500	255.00	132.00	425.00	217.00
> 28,500	510.00	260.00	700.00	355.00

2.2.6 Tractors and semi-trailers

Tractors

Number of axles = 2				
MVW (kg)	Pneumatic suspension or equivalent		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–35,500	255.00	132.00	255.00	132.00
35,501–37,500	255.00	132.00	310.00	160.00
37,501–39,500	255.00	132.00	420.00	215.00
> 39,500	310.00	160.00	420.00	215.00
Number of axles = 3 or more				
MVW (kg)	Pneumatic suspension or equivalent		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–39,500	255.00	132.00	255.00	132.00
> 39,500	380.00	195.00	485.00	247.00

Semi-trailers

Number of axles = 2 or less				
MVW (kg)	Pneumatic suspension or		Other type of suspension	
	Yearly tax (€)	6-month tax	Yearly tax (€)	6-month tax
12,000–17,500	50.00	–	50.00	–
17,501–18,500	63.00	–	75.00	–
18,501–19,500	76.00	43.00	100.00	55.00
19,501–20,500	89.00	49.00	125.00	67.00
20,501–21,500	102.00	55.00	150.00	80.00
21,501–22,500	115.00	62.00	175.00	92.00
22,501–23,500	128.00	69.00	200.00	105.00
23,501–24,500	141.00	75.00	225.00	117.00
24,501–25,500	154.00	82.00	250.00	130.00
25,501–26,500	167.00	88.00	275.00	142.00
26,501–27,500	180.00	95.00	300.00	155.00
27,501–28,500	193.00	101.00	325.00	167.00
28,501–29,500	206.00	108.00	350.00	180.00
29,501–30,500	219.00	114.00	375.00	192.00
30,501–31,500	232.00	121.00	400.00	205.00
31,501–32,500	245.00	127.00	425.00	217.00
> 32,500	250.00	130.00	455.00	232.00
Number of axles = 3 or more				
MVW (kg)	Pneumatic suspension or		Other type of suspension	
	Yearly tax (€)	6-month tax (€)	Yearly tax (€)	6-month tax (€)
12,000–17,500	50.00	–	50.00	–
17,501–18,500	60.00	–	65.00	–
18,501–19,500	70.00	–	80.00	45.00
19,501–20,500	80.00	45.00	95.00	52.00
20,501–21,500	90.00	50.00	110.00	60.00
21,501–22,500	100.00	55.00	125.00	67.00
22,501–23,500	110.00	60.00	140.00	75.00
23,501–24,500	120.00	65.00	155.00	82.00
24,501–25,500	130.00	70.00	170.00	90.00
25,501–26,500	140.00	75.00	185.00	97.00
26,501–27,500	150.00	80.00	200.00	105.00
27,501–28,500	160.00	85.00	215.00	112.00
28,501–29,500	170.00	90.00	230.00	120.00
29,501–30,500	180.00	95.00	245.00	127.00
30,501–31,500	190.00	100.00	260.00	135.00
31,501–32,500	200.00	105.00	275.00	142.00
> 32,500	210.00	110.00	285.00	147.00

3. TAXES ON MOTORING

3.1 FUEL TAXES MAXIMUM

Price on 11 March 2021

	Super unleaded 95* (€/l)	Super unleaded 98* (€/l)	Diesel* (€/l)	LPG (€/l)
Cost of the product (incl. margins and costs)	0.619	0.677	0.642	0.470
Excises + other taxes (1)	0.472	0.472	0.355	0.102
Price without VAT	1.092	1.149	0.997	0.572
VAT (%)	17.00	17.00	17.00	8.00
VAT amount (2)	0.186	0.195	0.170	0.097
(1) + (2)	0.658	0.667	0.525	0.199
% of the price at the pump	51.50	53.60	44.90	32.20
Price at the pump	1.277	1.244	1.167	0.618

* Maximum 10ppm sulphur

3.2 INSURANCE TAXES

Subscription to an insurance policy attracts a 4% insurance tax (the premiums paid form the basis of the taxation).

3.3 EUROVIGNETTE

In conformity with Directive 93/89/EEC of 9 February 1994, a road toll called the Eurovignette is levied in Luxembourg on vehicles for transport of goods with an MPW exceeding 12t (see <http://www.do.etat.lu/vehaut/eurovignette.htm>).

3.4 COMPANY CARS

3.4.1 Deductibility of company car expenses in the framework of corporate income tax

All car expenses are fully deductible (including fuel expenses).

VAT deductibility

VAT on all expenses related to professional car use is fully deductible (including VAT on fuel).

3.4.2 Benefit in kind (BIK) of private use of a company car

Provision of a company car that can also be used for private purposes is considered a benefit in kind (BIK) and results in the employee being liable for additional income tax. Two methods are used to determine this BIK, as set out below.

The lump-sum method

The BIK per month is a percentage of the vehicle's value when new (options and VAT included, minus discounts) in function of fuel type and CO2 emissions. The same method applies for used cars.

Previous regime				New regime from 2022					
Categories (g/km)	Petrol	Diesel	BEV	Categories (g/km)	Petrol	Diesel	FCEV	BEV	
								≤ 18k Wh	> 18k Wh
0	-	-	0,5	0	-	-	0.5	0.5	0.6
0 - 50g	0.8	1	-	0 - 50	0.8	1	-	-	-
> 50 - 110	1	1.2	-	> 50 - 80	1	1.2	-	-	-
> 110 - 150	1.3	1.5	-	> 80 - 110	1.2	1.4	-	-	-
> 150	1.7	1.8	-	> 110 - 130	1.5	1.6	-	-	-
-	-	-	-	> 130	1.8	1.8	-	-	-

This new regime applies on:

- Vehicles ordered in 2022 and registered from 1/1/23
- Vehicles registered between 1/1/23 and 31/12/24
- Vehicles ordered between 1/1/23 and 31/12/24, and registered until 1/12/25

This monthly benefit is subject to tax on wages and social security contributions (as normal wages).

The logbook method

The employee keeps a logbook and records the mileage travelled for professional purposes. The mileage driven for private purposes will therefore be equal to the difference between the total mileage and the professional mileage. The taxable BIK is equal to the cost per kilometre (to be determined by the employer) multiplied by the kilometres of private use. The BIK is calculated monthly. This monthly BIK is subject to tax on wages and social security contributions (as normal wages).

3.4.3 Employee participation in vehicle costs

Employee flat participation in maintenance, leasing or renting costs

If an employer provides a company car to an employee for a fixed flat fee (deducted from the net remuneration of the employee) to cover maintenance costs/cost of leasing or renting, this contribution is deducted from the amount of the BIK.

The proportion of the leasing cost that is VAT deductible is limited to 20% of the cost borne by the employer. The Tax Administration considers that a contribution to the cost of greater than 20% is motivated by personal considerations.

Example:

- Diesel car, 115g/km, purchase price of the vehicle in new condition (including VAT and options, net of the discount granted by the seller): €29,000
- Monthly BIK: $1.5\% \times €29,000 = €435$
- Monthly rent paid by the employer: €600
- Fixed employee contribution to the monthly cost of leasing (deducted from the net remuneration of the employee): €150
- Deductible participation to the cost of leasing/renting paid by the employee is limited to $20\% \times (€600 - €150) = €90$
- The monthly taxable BIK is $€435 - €90 = €345$

Employee variable participation in fuel, maintenance and repair costs

Not deductible from the amount of the BIK.

3.4.4 Employee participation in the purchase price

The employee's contribution to the vehicle purchase price does not affect the assessment of the BIK. This contribution limited to 20% of the purchase price paid by the employer may be deducted from the amount of the BIK through depreciation. The Tax Administration considers that a contribution of greater than 20% is motivated by personal considerations.

Example:

- Diesel car, 115g/km, price of new vehicle purchased on 1 October 2020 (including VAT and options, net of the discount granted by the seller): €29,000 including the employee's contribution of €3,480.
- Monthly BIK: $1.5\% \times €29,000 = €435$
- Depreciation of employee contribution spread over eight months: $€3,480/€435$
- For a period of eight months (from October 2020 to May 2021), there is no taxable BIK. From 1 June 2019, the BIK of €435 is subject to tax on wages.

3.4.5 Redemption of a company car by the employee

The acquisition by the employee of a company car (owned/leased/rented by the employer with a purchase option) at a lower price than market price constitutes a taxable BIK and is subject to social security contributions. The tax basis of the BIK is equal to the difference between the vehicle's market value at redemption and the price paid by the employee.

The evaluation of the benefit involves the problem of determining the market value of the vehicle. Because of the various factors that may affect this assessment, and for the sake of fairness, the Tax Administration recommends a simplified method of assessment.

Example:

- Diesel car, 115g/km, purchase price of the new vehicle: €29,000 (options and VAT included, minus discounts)
- Price paid by the employee: €2,900 (10%)
- Vehicle age: 36 months
- Vehicle market value: €13,050
- Tax basis: $€13,050 - €2,900 = €10,150$ (tax and social security contribution)