

"NORMAL" VAT RATES APPLY IN LUXEMBOURG FROM 1 JANUARY 2024

The law dated 26 October 2022 regarding the temporary decrease of VAT rates is effective until 31 December 2023. From 1 January 2024, the reduced rates are not applicable anymore and "normal" VAT rates are to be applied:

- ▶ The standard VAT rate will be 17%
- ▶ The intermediary VAT rate will be 14%
- ▶ The reduced VAT rate will be 8%
- ▶ The super reduced VAT rate remains unchanged at 3%

Businesses must be mindful of the transitional rules that apply in the event of a change in the VAT rates. Specific attention must be given to the rules that determine the date of taxable events and the chargeability of tax. The general rules should be applicable, meaning that VAT becomes due when the services or goods are supplied or based on certain alternative dates (date of issuance of invoice, date of an advanced payment, etc.).

The date of occurrence of these events will determine which VAT rate is applicable and the practical impact to different business transactions should be carefully examined. Non-compliance with the effective rules can result in too little VAT being invoiced, thus a business can be at the risk of a tax assessment by the authorities in case of a VAT audit.

HOW WE CAN HELP

Our EY Luxembourg indirect tax specialists can assist businesses to perform a review of their billing and accounting systems to ensure their readiness to accommodate the VAT rates change, and to setup an implementation plan for the switchback to the "normal" rates.



For additional information with respect to this Alert, please contact the following:



Olivier Lambert
Partner, Indirect Tax
+352 42 124 7361
olivier.lambert@lu.ey.com



Jacques Verschaffel
Partner, Indirect Tax
+352 42 124 7219
jacques.verschaffel@lu.ey.com



Rebecca Obermahr
Partner, Indirect Tax
+352 42 124 7117
rebecca.obermahr@lu.ey.com