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A M C H A M  LUXEMBOURG
AMERICAN CHAMBER OF COMMERCE IN LUXEMBOURG A.S.B.L.



IN THIS ISSUE

**EXCLUSIVE INTERVIEW
WITH DAN KERSCH
DEPUTY PRIME
MINISTER, MINISTER OF
SPORT & MINISTER OF
LABOUR**

by Angela A. Borelli
Dan Kersch, Deputy Prime Minister, Minister of Sport and Minister of Labour, is a member of the American Chamber of Commerce in Luxembourg. He is a member of the American Chamber of Commerce in Luxembourg's Board of Directors and is also a member of the American Chamber of Commerce in Luxembourg's Executive Committee. He is a member of the American Chamber of Commerce in Luxembourg's Board of Directors and is also a member of the American Chamber of Commerce in Luxembourg's Executive Committee. He is a member of the American Chamber of Commerce in Luxembourg's Board of Directors and is also a member of the American Chamber of Commerce in Luxembourg's Executive Committee.

Dear AMCHAM members and friends,

As you have seen over the past several weeks, we have taken into consideration the feedback of our readers and are producing a more compact AMCHAM Newsletter with special feature interviews, only one or two other articles ... and, of course, an interesting food recipe.

In this issue we are delighted to have an Exclusive Interview with Deputy Prime Minister and Minister of Labour, Dan Kersch. As most of you know very little about Minister Kersch, who is relatively new serving in the National Government, we are pleased to introduce him to you. We believe you will find his comments on his priorities, concerns, and the actions he has taken as Labour Minister enlightening to give you a better understanding of his priorities and his mind set as he approaches his work. We encourage you and your friends to read this article. As an accompanying article, we are pleased that KPMG has kindly given us a concise overview of the things you can still do to increase your tax deductions for calendar year 2020. We close this issue off with an excellent recipe!

Happy reading!

Paul

Paul Michael Schonenberg
Chairman and CEO

1. **Exclusive Interview with Deputy Prime Minister Dan Kersch, Minister of Labour & Sport**

Minister Kersch, my colleagues and I at AMCHAM thank and compliment you and the members of the Ministry of Labour for all of your efforts to ensure the health and well-being of the working population of Luxembourg. We acknowledge the hard work and sacrifices of you and your staff to keep employees safe and protected. Thank you for agreeing to be interviewed by AMCHAM:

Amcham -Please tell our readers about yourself and your background so our readers can better understand who you are and the beliefs which guide your approach as Minister of Labour.

***Dan Kersch (DK)** - Being a member of the LSAP since 1991, I got elected for the first time to the municipal council of Mondercange in 1999. From 2006 on, I served as the mayor of Mondercange and I was also the president of the Syvicol which is the umbrella organization of the Luxembourgish cities and municipalities. Before entering the government, I have also been a member of the State Council from 2011 to 2013. On the professional level, I have been a civil servant at the municipality of Bettembourg.*

Amcham -What is the philosophically approach which guides your relations with labour and management?

***DK** - I am convinced that social dialogue is the key for a good relationship with labour and management. The Luxembourgish tripartite approach has usually led to good results. A good recent example is the new law about internships. Together with trade unions, employer's representatives and student organizations an agreement that all parties will benefit from, could be found.*

Amcham - Before the start of the Corona crisis, what were the most important concerns you had as Minister of Labour and how did you plan to deal with them?

DK - The world of labour is undergoing fundamental changes. This is above all due to digitalization. New forms of labour become more and more important and we discover that our current labour legislation is not yet adapted to these changes. Despite the current Corona crisis, this topic will remain a priority of my political agenda. Closely related to the topic of digitalization, is the development of skills to guarantee the employability of all workers.

Amcham - What were the first reactions and most critical issues identified by you and your staff as priority considerations in the earliest days of this Corona crisis?

DK - There were a few issues that we had to deal with. First, we had to make clear what happens to employees touched by the Corona virus. These were above all technical questions that were nevertheless crucial. It was at that point essential to guarantee the health and security of all employees. In a second phase, when the lockdown had been decided by the government, we had to make sure that companies were not forced to make employees redundant. Short-time working was the most important measure to avoid that phenomenon. Another crucial issue was the leave for family reasons. As pupils and students were forced to stay at home, we had to give the possibility to parents to take care of their children.

Amcham - What actions have you taken and what policies have you changed to ensure the safety of workers during this crisis? Are you satisfied with what has been done or is there anything you would, do differently in hindsight?

DK - With regards to the safety of workers during the crisis, I have to say the Luxembourgish labor legislation has always been clear on the responsibilities of employers. Labour code predicts that the employers have to take care of the health and security of their employees. Considering that background, we did not have to change many policies. It was more a question of being precise with regards to the current crisis. Afterwards, one can always conclude that things should have been done differently. But, after all, I think that the government took the right decisions with regards to safety.

Amcham - What are the most important concerns you have as Minister of Labour today?

DK- Today, it is clear that we have to deal with the consequences of the crisis on the labour market in general. We have to make the right decisions in order to help companies not to be forced to make employees redundant. On the other hand, it is our duty to take all necessary measures to bring people who have lost their jobs back to work. A series of measures have already been decided and I am convinced that all these measures will help us to weaken the effects on the labour market.

Apart from the current crisis, I am convinced that we have to deal with the current transformation of the world of labour. Considering digitalization, upskilling is one of the key issues for the following years. We have to make sure that people who are looking for a job fit the profiles that companies are looking for.

A second issue are the new forms of labour. The crisis has shown that concepts such as the home or mobile office will more and more have an impact on the way we daily work. I have to admit that labour legislation nowadays does not give all the answers to the questions that come along with these developments.

Amcham - The recent agreement between Management and labour on home working demonstrated the fundamental continuity of the tripartite approach which has existed for many years in Luxembourg. We offer our congratulations on the successful outcome and would welcome your observations of the challenges of the negotiations.

DK - The agreement is not necessarily the result of the tripartite approach, as the government did not really intervene in the process. I have always insisted on the fact that the old agreement between Management and labour should be replaced by a new agreement and I am quite happy to see that a new agreement, that takes into consideration the experiences during the crisis, could be found.

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2. Year-end tips for Luxembourg taxpayers, by Xavier Martinez, Partner, Global Mobility & People Services, KPMG

The year 2020 is coming to a close, but before it does, don't let the opportunity to save on your personal tax bill pass you by. Did you know that certain qualifying expenses paid before 31 December 2020 can be deducted from your 2020 tax declaration? From home savings and loan schemes to car and bike relief, there are plenty of opportunities to explore. In this article we discuss eight ways in which resident taxpayers and non-resident taxpayers opting to be taxed as residents can save.

1. Home savings and loan schemes

Contributions to qualifying home saving and loan schemes are deductible from your income. The maximum amount you are able to deduct is dependent on your situation. For example, if, in the calendar year, one or both legal partners or spouses is under the age of 40, the maximum amount that can be deducted is €1,344. Individuals over 40, on the other hand, can deduct up to €672. In the case of joint taxation with your legal partner or spouse, the maximum amount is doubled, and each child living in the household qualifies you to add the same amount per child. To paint a clear picture, that would mean married taxpayers aged 35 with two children would be able to deduct €5,376 (4x €1,344).

2. Occupational pension schemes

You are never too young to consider saving for your future and making contributions to Luxembourg social security is an excellent way to build your future pension (first pillar). But it is always a good idea to consider additional opportunities to grow your pension. In fact,

many employers here in Luxembourg offer an occupational pension plan (second pillar). But if you want to take things into your own hands, you can also make personal contributions which are deductible up to €1,200.

3. Voluntary pension schemes

You can save even more for your future retirement through a voluntary pension scheme (third pillar). It's important to know that any contributions to a qualifying voluntary pension scheme are deductible up to a maximum of €3,200. The maximum deduction is available to both legal partners or spouses as well.

4. Childcare and domestic help

The costs associated with childcare and domestic help can also be deducted. To qualify for this deduction, your household help needs to have been hired by you, an intermediary company or an association. The worker needs to carry out the work primarily in your house and has to be affiliated with the social security system. If you tick all these boxes, the maximum deduction for these combined expenses amounts to €450 per month. In light of COVID-19, the maximum monthly deduction has increased to €600 for the months of April to December 2020 (bringing the annual ceiling to €6,750).

5. Charity donations

This year, more than ever, charities could use all the donations they can get to help those most affected by the global pandemic. But did you know that certain donations are tax deductible? If you donate at least €120 to qualifying charitable institutions, you can claim these donations as a tax deduction. A full list of the qualifying charitable institutions can be found on the tax authority's website (https://impotsdirects.public.lu/fr/az/l/libera_dons.html).

6. Insurance and debit interests

Interest paid and insurance contributions may also be deductible. For interest paid, the opportunity presents itself through consumer loans, credit cards or overdrawn bank accounts. Deductible insurance premiums include life, death, accident, disability, sickness and third-party liability insurance. The maximum amount deductible is €672, but if you are jointly taxed with your legal partner or spouse, this amount doubles, and as with the home savings and loan schemes, the same amount is added for each child living in the household.

7. Car and bike relief

Help support a green environment by using sustainable transportation and you could qualify for a tax benefit. If you purchase a zero-emission vehicle you can benefit from a €5,000 tax relief. If you aren't quite ready to purchase a zero-emission vehicle but still want to make a difference, those who buy hybrid vehicles (under 50g CO2 emission) benefit from a €2,500 deduction. And for the more adventurous types, purchasing a bicycle, even bicycles with pedalling assistance qualify you for a €300 tax benefit.

8. Expenses related to investment properties rented out

On top of the depreciation calculated based on purchase price and year of construction, expenses related to property rented out can be offset against the rental income. The most common expenses are mortgage interest, property tax, condominium fees, agency costs, repair cost, maintenance fees, cleaning fees, home insurance, and charges for water, electricity and heating.

Xavier Martinez, Partner, Global Mobility & People Services



Xavier Martinez is a Partner in the Tax department and is Head of KPMG's Global Mobility and People Services department, specializing in individual taxation. Xavier has 20 years of national and international experience with a wide variety of clients, gaining extensive knowledge in personal tax and social security relevant to workforce global mobility and rewards. He has collaborated with organizations across various industries, assisting them with employee mobility and in designing attractive remuneration packages.

3. Upcoming Amcham Events

1st December, 2020 at 5pm, Amcham HR Committee presents "*Beyond Covid, why a new normal is not the solution and what we need to change.*" Registration below.

<https://www.amcham.lu/events/beyond-covid-why-a-new-normal-is-not-the-solution-and-what-we-really-need-to-change/>

7th December, 2020 at 12:00 pm Amcham invites you to a webinar with NautaDutilh Avocats Luxembourg "*Understanding the new Agreement on Teleworking*"

<https://www.amcham.lu/events/understanding-the-new-agreement-on-teleworking/>



4. Easy Peasy Cupcakes

Ingredients

110 g butter, softened

110 g caster sugar

110 g plain flour

2 tsp baking powder

1/4 tsp salt

2 medium eggs

1 tsp vanilla extract

Method

Preheat the oven to 180C/ 350F / Gas 4. Line a muffin tin with paper cases.

Put the butter and sugar in a bowl and beat until pale and fluffy.

Sift the flour, baking powder and salt into the bowl.

Beat the eggs and vanilla and add to the bowl. Beat until just combined.

Spoon the mixture into the paper cases.

Bake for 18 to 20 minutes until risen, golden and firm to the touch.

Cool in the tin for 10 minutes, then transfer to a wire rack to cool completely.

Fillings and Flavour Suggestions

You can add a filling to the cupcake by cutting a cone from the middle of each cake with a serrated knife. Fill the hole with jam, lemon curd or one of these fabulous fillings:

Raspberry and Chocolate Cupcakes

Fill each cake with 1 tsp seedless raspberry jam and ice with chocolate buttercream.

Lemon Cupcakes

Fill each with 1 tsp lemon curd. Ice with lemon buttercream.

Chocolate Cream Cupcakes

Mix 75g mascarpone with 2 tbsp double cream and quarter tsp vanilla. Put 1 tsp of this in the centre of each cupcake. Ice with chocolate buttercream.

Buttercream Icing Suggestions

For plain buttercream, beat 110g butter until soft, then beat in 110g icing sugar, a tablespoon at a time.

For vanilla buttercream, add half teaspoon vanilla extract and beat to combine.

For lemon buttercream, beat in 1 tbsp lemon juice- add 1 tsp at a time and taste after each addition.

For chocolate buttercream, beat in quarter tsp vanilla, 60g (2oz) melted and cooled milk chocolate and 2 tbsp cocoa powder.

AMCHAM offers to each of you and your families our best wishes for your health and happiness. Be strong. Stay connected with your families and friends by phone and email. Use this time wisely and productively so you come out of this crisis stronger than when you started. For all those who don't know AMCHAM yet, please find our website here: <https://www.amcham.lu> and particularly our mission statement here: <https://www.amcham.lu/about-us/mission-statement/> and how you can join AMCHAM here: <https://www.amcham.lu/membership/> If you need us, we are here and will do all we can do to help. Feel free to pass on our newsletter to your colleagues and friends.