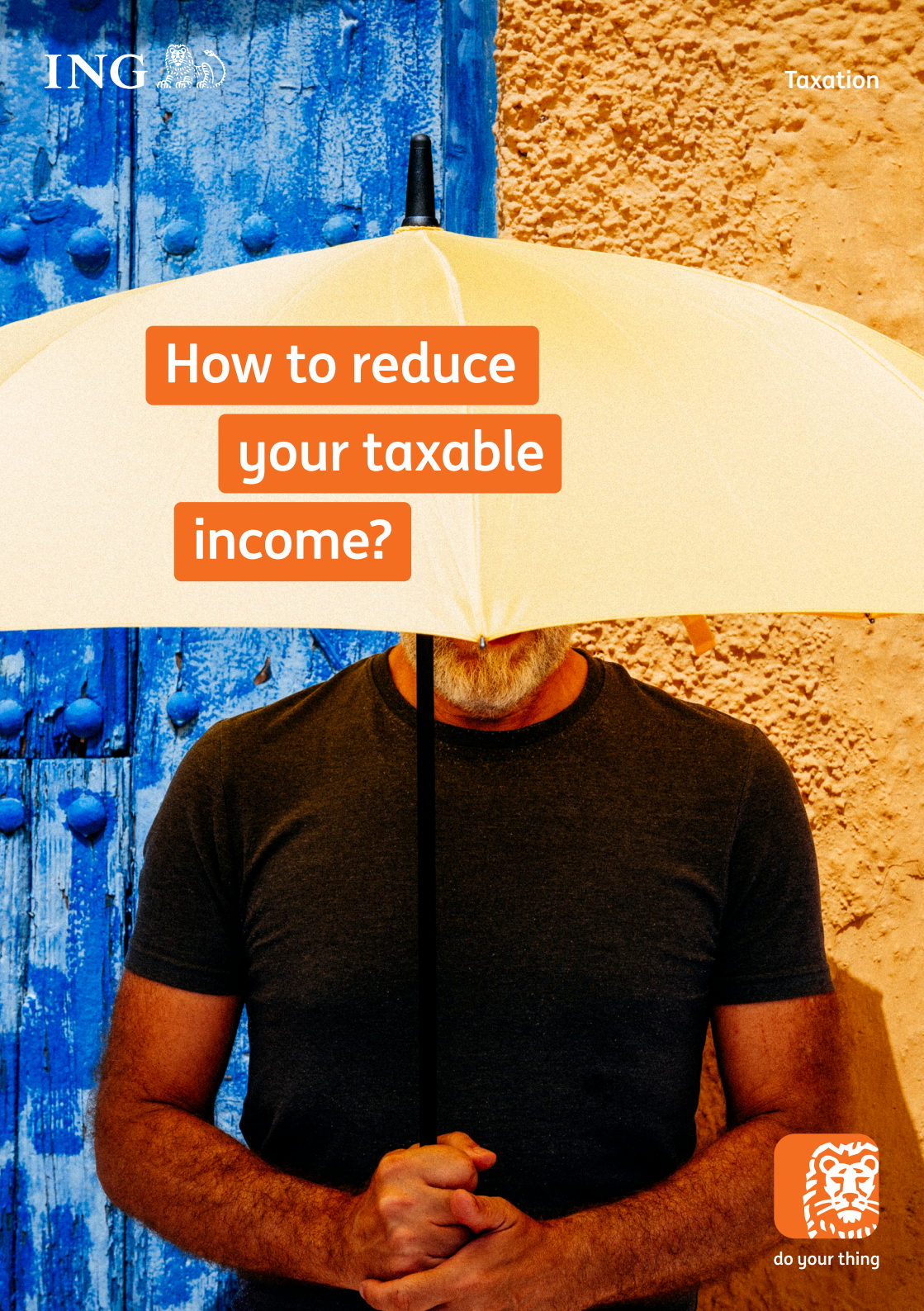
ING

Taxation

How to reduce your taxable income?



do your thing

How to reduce your taxable income?

Are you trying to increase your buying power by reducing your taxes?

The Luxembourg tax system allows you to do this via special deductible expenses.

With this in mind, ING Luxembourg offers, a broad range of tax-deductible products which allow you to reduce your taxes.

Moreover, you can also deduct part or the total debit interest paid on your real estate loans.

If you'd like to optimise your tax declaration and choose the products which are best suited to you, we are at your service. Our advisors can outline our various products and find a tailor-made solution with you during a personalised meeting.

How can you make the most of tax deductions?

Tax deductions are accessible to Luxembourg taxpayers and to non-residents “who are assimilated to Luxembourg residents”.

By “assimilated”, the law means non-resident taxpayers who are taxable in Luxembourg for at least 90% of the total of their global income. Belgian residents can take advantage of the same equivalence system; as long as more than 50% of professional income is taxable in Luxembourg. Non-residents who wish to benefit from the assimilation must declare all their revenues in Luxembourg.

Depending on your personal situation, you can choose from the following deduction options:

Special expenses

1. Debit interest

Maximum deduction of €672* per person in the same household (for a spouse and for each child taxed jointly) for debit interest linked to a personal loan (purchase of movable goods, car financing, debit interest on your current account or VISA account).

2. Insurance contributions and premiums

Deduction ceiling:
Maximum deduction of €672* per person in the same household for life assurance, personal third party liability, vehicle third party liability, health, accidents, etc.

One-time premiums:
Depending on age and household composition, in the event of Debt Balance Insurance (cf. tables) for life insurance purchase to ensure the payment of a loan granted in order to purchase main residence.

* Deductions of insurance premiums and interest payments under personal loans are grouped together for the purposes of calculating the €672 cap.

Standard deduction ceiling in terms of insurance:

	Single	Married [1]
Taxpayer	€672	€1,344
Taxpayer + 1 child	€1,344	€2,016
Taxpayer + 2 children	€2,016	€2,688
Taxpayer + 3 children	€2,688	€3,360
Taxpayer +4 children	additional €672	additional €672

Increase/after increase for one-time premium:

Family situation	Insurance ceiling	Maximum increase	After increase[2]
Single	€672	€6,000	€480
Married couple [1]	€1,344	€6,000 [3]	€480
Married couple [1] + 1 child	€2,016	€6,000 [3] + €1,200	€576
Married couple [1] + 2 children	€2,688	€6,000 [3] + €2,400	€672
Married couple [1] + 3 children	€3,360	€6,000 [3] + €3,600	€768

ING Luxembourg and its insurance partner will be able to meet all your insurance needs.

[1] Or partners taxed jointly.

[2] Per year after the age of 30, and per taxpayer. 8% increase per year after the age of 30 at the time the policy is taken out, with the stipulation that this increase may not exceed 160% of the maximum increase. The additional amount per child is only given to one of the parents.

[3] If two "partnered spouses" are to be covered, whether in just one policy or in two, the amounts given above are added together for each "partnered spouse". The additional amount per child is only given to one of the parents.

3. Old-age pension schemes (Supplementary pension)

Maximum deduction of €3,200 per taxpayer for supplementary pension insurance.

ING Pension Plan

"Pay less tax today and build up your pension of tomorrow":

ING Pension Plan is a life Insurance policy developed in partnership with our partner insurance company.

The objective of the ING Pension Plan is to build up an individual supplementary pension while still taking advantage of tax breaks.

The contract must have a minimum duration of 10 years.

Your contract is accessible with minimum payments of 50 €/month (or 600 €/year). Complementary payments (for example, unplanned premiums) can supplement the periodic premiums.

At the earliest, this service is payable upon maturity after age 60 and before age 75.

On maturity, you may choose how the benefits are paid:

- As a monthly life annuity (50% of which is exempt from tax, with the balance taxed at the standard rate); or
- As a total or partial capital of a minimum of €5,000* or as an annual withdrawal (taxable at 50% of the overall applicable tax rate); or
- A combination of the above

Tax deductions are one thing, but investing your money is another thing altogether. To be able to offer you greater flexibility, ING Pension Plan gives you the opportunity to choose a more or less risky investment, depending on your objectives and situation:

- Choose a 100% investment in mutual funds whose return is variable, as it is linked to the performance of the underlying SICAVs.**
- Or choose to invest up to 50% in a product with a guaranteed return, and the rest in mutual funds whose return is variable, as it is linked to the performance of the underlying SICAVs. **

The accumulated savings can be allocated among different investment vehicles throughout the duration of the contract.

After filling in the investor questionnaire of the partner insurance company and seeing which fund would be the most suitable for you, you will be able to establish your own investment strategy, choosing from a selection of our SICAVs, all of which are capitalisation funds and denominated in EUR.

* Minimum set by the insurance partner.

** ING Luxembourg cannot provide any guarantee of capital or return. Documentation related to investment funds is available at ing.lu.

4. Home savings

Maximum tax deduction for special expenses of between €672 and €1,344 per member of the household according to the age of the subscriber.

For example, taxpayers A (42yr on 1/1/2023) and B (35yr on 1/1/2023) are married with one child, and A receives the family allowances. They will be entitled to the maximum deductible home savings scheme cap of 3x €1,344, i.e. a total of €4,032.

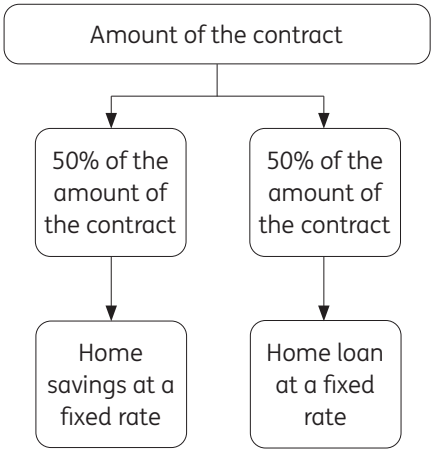
Age*	Maximum annual deductible amount
Aged between 18 and 40 at the beginning of the tax year	€1,344
In other cases	€672

Home savings policy

Luxembourg tax law authorise the deduction of contributions made to building and loan associations.

In addition to the tax breaks offered by the home savings policy, it is the ideal policy to build up a nest-egg with a view to the purchase, refurbishment or modernisation of a principal dwelling.

(Simplified) representation of how the home savings policy functions:



To ensure that current and future payments under the home savings scheme remain tax deductible, the funds must be used in the construction, acquisition or conversion of a principal dwelling.

After the funds have been allocated, the subscriber has the option of agreeing to a preferential fixed-rate mortgage loan, fixed upon subscription of the policy.

* Where taxpayers are subject to joint taxation, the upper cap is applied by reference to the age of the younger adult subscriber.

Debit interest relating to the main residence

1. Preamble

Debit interest relating to the main residence are deductible in connection with "Net income resulting from the rental of assets". This is the only income category in which the tax authority allows the deduction of negative income (rental loss). The tax authority thus allows repayment of this loss with the other categories of income.

2. Ceilings of deductions

Prior to the building's occupation, debit interest are deductible with no ceiling. In the same way, a taxpayer who buys land to build his/her house on said may fully deduct any debit interest during the building's construction period, until he/she actually occupies the house.

It should be noted that mortgage registration costs are also deductible.

From the time when the asset is occupied, debit interest is deductible up to the authorised ceiling.

The amounts below are increased by the same amount for the spouse, partner and for each child who is part of the household.

Annual ceilings for deductible passive interest	Amounts*
During the first year of occupation and over the subsequent 5 years	€3,000
For the next 5 years	€2,250
Over subsequent years	€1,500

* As of tax year 2023.

3. Notes

ING Home Loan

The ING home loan is the ideal way to finance:

- the purchase of land
- the acquisition of a real estate asset
- building or modernisation

ING lets you choose either a variable rate, a fixed rate or a reviewable fixed rate for a home loan up to 30 years.

In addition, in connection with a mortgage loan, it is possible to optimise the deduction options, by combining debit interest in respect of the building, debit interest in respect of personal loans, building savings, insurance and even single premium debt balance insurance.

Our experts are at your disposal to give you advice regarding the full range of home insurance products (Debt Balance Insurance, Fire Insurance), government assistance, taxation and so on.

The information contained in this document must be considered as non-exhaustive and given purely for information only.

Given that each individual is different, it is the duty of each taxpayer to obtain information from his/her fiscal advisor with regard to his/her obligations in connection with his/her specific tax and legal situation.

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