



## HOUSING TAX MEASURES EXTENDED UNTIL JUNE 2025

The Luxembourg government has decided to extend its exceptional housing tax measures until June 30, 2025. This extension, outlined in Bill 8470 and discussed by the Finance Committee on February 25, 2025, aims to further stimulate the real estate market, particularly in off-plan property sales (VEFA), where signs of recovery have recently emerged.

Initially introduced in May 2024, these measures sought to boost housing transactions. While the market for existing properties has improved in recent months, VEFA sales remain below historical levels. A combination of lower real estate prices, reduced interest rates, and fiscal incentives has contributed to a gradual recovery. To support this momentum, the government is extending the application of temporary tax benefits for six months, aligning them with the 2025 budget law's tax base reduction for registration and transcription duties.

Key measures include:

- A €40,000 “Bëllegen Akt” tax credit per individual for primary residence acquisitions documented by a notarial deed until June 30, 2025.
- A €20,000 rental investment tax credit per buyer, also extended for six months.
- A reduced capital gains tax rate, set at one-quarter of the standard rate, applicable to real estate gains made until June 30, 2025.
- A continued two-year speculation period to maximize the incentive effect of capital gains taxation.
- An accelerated depreciation rate of 6% for VEFA transactions, maintained for six years for contracts signed before June 30, 2025.
- Tax-neutral capital gains reinvestment, provided the funds are allocated to social housing projects or properties meeting A+ energy performance standards.



In parallel, the government remains active in the real estate sector through direct acquisitions.

By mid-February 2025, Luxembourg had purchased 126 VEFA units for €126 million, with 199 additional units reserved for the same amount. A total of €480 million is budgeted over four years to secure approximately 800 units for public housing.

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