

STATE AID

The Luxembourg State provides a broad array of individual housing subsidies to facilitate the acquisition, construction or renovation of a property.



Raiffeisen
Naturally my bank

HOUSING SUBSIDIES

Ministry for Housing



CAPITAL GRANTS

Home purchase grant

This state grant may be awarded **for the purchase** of a single-family home or apartment that has previously been occupied. The grant is calculated based on your income and the composition of your household. The home purchase grant can range from €250 to €9,700. If the dwelling concerned is a condominium or a terraced house, the premium is increased by 30%. If it is a semi-detached house, the premium is increased by 15%.

> Useful living space criteria: see Page 3

Construction grant

This state grant may be awarded **for the construction** of a single-family house or apartment, or for the purchase of a newly-built dwelling. The grant is calculated based on your income and the composition of your household. The construction grant can range from €250 to €9,700.

> Useful living space criteria: see Page 3

Savings premium

This state subsidy may be awarded on the basis of interests and premiums earned on your savings accounts, provided that at least 90% of those savings are used to purchase the property. It is only awarded if you benefit from a **construction** or **acquisition grant**. The maximum savings premium for any one beneficiary is €5,000.

Home Improvement grant

This state grant may be awarded for the **renovation** of your home. The State thus encourages the owners of non-new dwellings of at least 15 years in age to invest in the overall health and safety of the dwelling. The addition of extra rooms or the extension of existing rooms is not subject to the condition on the age of the dwelling. The maximum grant for any one beneficiary is €10,000.

> Useful living space criteria: see Page 3

Additional grant for architect's and consulting engineer's fees

This grant may be awarded in addition to **an improvement** or **construction grant**. Its purpose is to partially offset your architect's and/or consulting engineer's fees. The maximum amount of this grant is equal to half of the architect's and/or consulting engineer's fees, but shall not exceed the sum of €1,250.

> Useful living space criteria: see Page 3



STATE INTEREST SUBSIDY

The interest subsidy

The State interest subsidy may be awarded to reduce the monthly charges on your housing loan taken out for the **construction, acquisition** or **renovation** of your home. Housing loans are taken into consideration up to a maximum of €175,000. The interest subsidy rate ranges from 0.575% to 2.45%. The grant is calculated based on your income and the composition of your household.

> Useful living space criteria: see Page 3

The interest allowance

A State interest allowance of 0.50% per dependent child may be awarded to reduce the monthly charges on your housing loan taken out for the **construction, acquisition** or **renovation** of your home. It shall not exceed the effective interest rate of the loan or the ceiling rate of 3%.

Unlike the interest subsidy, it is not subject to any conditions on income or surface area.

An interest subsidy or an interest allowance may also be granted in the case of a housing loan taken out for the purpose of improving your home's energy efficiency. In this case, the loan may be taken into consideration up to a ceiling of EUR 50,000.



STATE GUARANTEE

Under certain conditions, the State can help guarantee your housing loan if you are unable to provide sufficient guarantees yourself for a loan for the **construction, acquisition** or **improvement** of your home. Anyone wishing to benefit from the State guarantee must, among other things, have had a savings account with the same bank for at least three years, and must have credited the account with regular deposits of at least €290 per year.



USEFUL LIVING SPACE CRITERIA

You may benefit from a **home purchase, construction** or **improvement** grant as well as an **interest subsidy** and an **additional grant for architect's and consulting engineer's fees** when you meet certain conditions. These include criteria on the useful floor space, as indicated here:

SINGLE-FAMILY HOUSE	APARTMENT
Minimum 65 m ²	Minimum 45 m ²
Maximum 140 m ²	Maximum 120 m ²

Useful floor space is the surface area of the home inside the exterior walls, except for cellars, garages, attics, workshops and other professional outbuildings and, in joint ownership properties, excluding the communal areas. However, attics or areas permitting the fitting out of attic rooms are included, on condition that the minimum height of the attic space is at least 2 metres, that it can be accessed normally and has a window measuring at least 0.375 m x 0.750 m.

These areas can be increased by 20m² for:

- a third and any subsequent dependent child,
- ascendants living in the home if:
 - > the household counts more than four people,
 - > the ascendant does not own their own home,
 - > the ascendant cannot live alone due to their state of ill health.

For properties built before September 10th 1944, the surface area conditions do not apply. For further details on the various individual housing grants and subsidies that can be obtained from the Ministry of Housing, you can consult the Ministry's website at www.logement.lu.

Please get in touch for **further information** or to **calculate the amount of aid you are entitled to**.

TAX EXEMPTIONS



REIMBURSEMENT OF VAT ON HOUSING

The standard VAT rate is 17% but the State applies a reduced VAT rate of 3% (up to a maximum amount of EUR 50,000) **to construction** and **renovation** works on dwellings intended as the main residence. A 'dwelling' is understood to mean any building or any part of a building representing a separate unit that may be occupied as a main residence, including garages, cellars and the associated internal communal areas. A building used as a main residence and for other purposes at the same time may still be eligible for the tax benefit, as long as the surface area allocated for use as a main residence is more than 75% of the total surface area. If the surface area is less than or equal to that proportion, the tax benefit is only awarded in proportion to the part that serves as a main residence.



TAX CREDIT ON NOTORIAL INSTRUMENTS

(Bëllegen Akt, amended law of July 30th 2002)

The normal rate for real estate purchases – houses, flats and building plots – is 7%, of which 6% is for registration fees and 1% is for recording fees. This Act introduced a tax allowance, in the form of a tax credit, of €20,000 on the registration and recording fees for anyone wishing to purchase a dwelling for use as their personal residence. The tax credit may be used successively for several purchases until it has been exhausted.

No conditions in terms of wealth, value of the building, cadastral income, or purchaser's income are taken into account. In all events, the administration will charge a minimum registration fee of €100. The tax credit is granted subject to certain conditions, notably:

- the buyer must effectively and personally occupy the purchased property within 2 years, extended to 4 years if it is a building plot or property under construction, with the exception of certain derogations,
- the buyer must refrain from renting or using the building for any other purpose during a two-year period,
- at the time the notarial instrument is recorded, the buyer must be resident in the Grand-Duchy of Luxembourg; payment of the grant will be postponed if this condition is only met later.



DEDUCTIBLE INTEREST

Interest due in the event of the acquisition, construction or renovation of a dwelling is fully deductible as long as the dwelling is not inhabited by the owner. If the owner himself occupies their property, the interest due is deductible as follows:

DURATION OF OCCUPANCY OF THE DWELLING	AMOUNT*
0-5 years	€2.000
6-10 years	€1.500
beyond 10 years	€1.000

* Annual amount of deductible interest per person in the household.

MUNICIPAL AID

The amount of municipal housing aids varies from one municipality to another. For further information, we advise you to contact the municipal council for the town or village in which you intend to **buy** or **build** a home.

SPECIAL INCENTIVES

The State also grants other special forms of aid:

- Renovation grants for buildings built before 1913. For more information, please contact the Ministry of Culture.
- Renewable energy grants. Some municipalities offer a very attractive programme of grants to encourage the use of renewable energies (Ministry of the Environment and Ministry of Economy).
- Grants for the installation of rainwater recovery systems. Please contact the Water Management Department at the Interior Ministry.

DEDUCTIBLE AMOUNTS

Insurance on the outstanding balance

Outstanding balance insurance protects your loved ones from financial worries in the event of your death. It pays off the full insured amount that remains due at the time of your death. For us, this is essential. The single premium paid out as outstanding balance insurance is tax deductible under "special expenditure". The amounts deductible vary according to the insured party's age and family circumstances.

OUTSTANDING BALANCE INSURANCE			
	Up to 30 years	31-49 years (supplement per year)	50 years and over
__ Taxpayer	€6.000	+ €480	€ 15.600
__ Taxpayer + 1 child	€7.200	+ €576	€ 18.720
__ Taxpayer + 2 children	€8.400	+ €672	€ 21.840
__ Taxpayer + 3 children	€9.600	+ €768	€ 24.960
__ Taxpayer + 4 children	€10.800	+ €864	€ 28.080
__ Taxpayer + 5 children	€12.000	+ €960	€ 31.200
__ Taxpayer + 6 children	€13.200	+ €1.056	€ 34.320

N.B. This document is not contractual and is provided for information purposes only. Some of the above grants may change.

For more information, please visit www.logement.lu regularly or **contact your Raiffeisen adviser**.

For further information or to make an appointment, please contact your nearest Raiffeisen branch or our **Client Service Center** on 24 50-10 00.

OUR BRANCHES

Alzingen 24 50-71 60	Luxembourg-Ville 24 50-21 00
Bascharge 24 50-41 00	Mamer 24 50-63 00
Bertrange 24 50-63 30	Marnach 24 50-52 50
Bettborn 24 50-42 00	Mersch 24 50-13 80
Bettembourg 24 50-11 00	Mondorf-les-Bains 24 50-53 00
Diekirch 24 50-43 00	Niederanven 24 50-51 00
Differdange 24 50-19 00	Pétange 24 50-17 00
Dudelange 24 50-71 00	Redange/Attert 24 50-60 40
Echternach 24 50-49 30	Remich 24 50-70 00
Esch/Alzette 24 50-14 00	Saeul 24 50-60 70
Ettelbruck 24 50-31 00	Sandweiler 24 50-51 50
Grevenmacher 24 50-38 00	Soleuvre 24 50-41 20
Junglinster 24 50-49 00	Steinfort 24 50-63 70
Kayl 24 50-71 40	Strassen 24 50-16 00
Leudelange 24 50-67 00	Walferdange 24 50-15 00
Luxembourg-Gare 24 50-66 00	Wasserbillig 24 50-38 50
Luxembourg-Kirchberg 24 50-18 00	Weiswampach 24 50-52 70
Luxembourg-Limpertsberg 24 50-12 00	Wiltz 24 50-44 00
Luxembourg-Merl 24 50-68 00	Wincrange 24 50-52 00

For more information, please visit www.raiffeisen.lu.