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GES NewsFlash Luxembourg – New Provisions for 2011

January 7, 2011

Accident insurance - Introduction of a single contribution rate

We announced in our September 2010 edition that further to the Government decision to reorganize solidarity between the various economic sectors in Luxembourg, a draft law was submitted to introduce a single contribution rate for the accident insurance.

The draft law was adopted in mid-December. The single contribution rate has been fixed to 1.15% for 2011.

Sickness insurance – Raise in contribution rate

Further to a decision of the *Caisse Nationale de Santé* and in order to reach a balanced budget, the sickness insurance contribution rate applicable for medical benefits will be raised from 5.4% to 5.6%, i.e. 2.8% for employers and 2.8% for employees. This amendment will also be applicable starting 1 January 2011.

However, the rate for cash sickness benefits will not be modified as of 1 January 2011. As you may know, this rate amounts to 0.50%, i.e. 0.25% for employers and 0.25% for employees.

Raise of minimum social wage

A raise in the minimum social wage (apart from raises due to the salary indexation) generally occurs every two years. The law of 17 December 2010 increases the minimum social wage by 1.9% with effect 1 January 2011. As from that date, the monthly minimum social wage will amount to 1,757.56 euros.

The monthly social security ceiling, which is computed as five times the minimum social wage, will amount to 8,787.81 euros as from 1 January 2011.

People to Contact

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals as follows:

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