



ATOZ ALERT

Parliament set to approve extension for housing tax incentives, establishing 30 June as the initial deadline to qualify

20 June 2025

On 17 June 2025, the Finance Commission of the Luxembourg Parliament adopted the report on the [draft law n°8547](#) (the “**Draft Law**”) thereby advancing the legislative process toward its formal enactment, expected on 25 June 2025. The Draft Law complements the [law of 4 April 2025](#) (the “**Extension Law**”), which extended the application of temporary tax provisions initially introduced by the [law of 22 May 2024 introducing various measures to revive the housing market](#) (the “**2024 Law**”) until 30 June 2025.

The proposed measures seek to enhance procedural flexibility for both purchasers and vendors, while reinforcing the supply and development of residential housing. This initiative aligns with the government’s broader objective of sustaining the recovery momentum observed in the real estate and construction sectors.

We describe below the procedural mechanism put in place to provide flexibility for purchasers and vendors regarding each of the available tax incentives.

Procedural mechanism for temporary tax measures

To qualify for the temporary tax incentives introduced by the 2024 Law and the Extension Law, acquisitions must be formalised by notarial deed on or before 30 June 2025. However, due to the high volume of transactions, banks and notaries have encountered processing delays. The Draft Law introduces transitional mechanisms to preserve eligibility for taxpayers who have not yet executed the notarial deed by the deadline.

The transitional measures apply to the following:

- **Speculation period in the context of a sale of real estate:** The five-year speculation period introduced by the 2024 Law shall not apply to properties transferred between 1 July and 30 September 2025, provided a preliminary sales agreement was registered with the Administration of Registration, Estates, and VAT (“AED”) by 30 June 2025. Consequently, income from sales occurring within this window—more than two years but less than five years after acquisition—shall remain exempt from taxation.

- **Non-speculative capital gains neutralisation:** The tax-neutral regime applicable to non-speculative capital gains reinvested in social rental housing or assets with energy performance class A+ is extended until 30 September 2025, contingent upon registration of a preliminary sales agreement with the AED by 30 June 2025.
- **The special construction deduction (*l'abattement construction spéciale*):** The special construction allowance remains available for buildings or units acquired under a deed of sale in future state of completion (Ventes en état future d'achèvement - VEFA) provided the preliminary contract¹ was registered with the AED by 30 June 2025 and the notarial deed is executed by 30 September 2025.
- **“Bëllegen Akt” tax credit for investment in rental housing:** The rental tax credit remains accessible to purchasers who registered a reservation contract with the AED by 30 June 2025. To benefit from the credit and corresponding reduction in the taxable base, the notarised deed of acquisition must be signed by 30 September 2025.
- **50% reduction of taxable base for registration Duties:** Purchasers of rental housing or residential real estate who registered a reservation contract or preliminary sales agreement with the AED by 30 June 2025 shall continue to benefit from a 50% reduction in the taxable base for registration and transcription duties, provided the notarised deed is signed by 30 September 2025.
- **Reduced tax rate on capital gains:** Capital gains realised on the sale of built or unbuilt properties forming part of the private assets of natural persons shall be taxed at one quarter of the standard rate until 30 September 2025, subject to registration of a preliminary sales agreement by 30 June 2025.

For more information about these various tax incentives, please refer to our previous [ATOZ Insights article](#): “Law introducing measures for reviving the construction sector: Commentary” and our [ATOZ Alert](#): “2024 tax measures boosting the construction sector extended until 30 June 2025”.

Permanent incentive to be introduced

On 17 June 2025, the Finance Commission of the Luxembourg Parliament also adopted the report on the [draft law n°8540](#) amending the amended law of 30 July 2002, which establishes various tax measures to promote the marketing and acquisition of building land and residential properties.

Under this draft law, the “Bëllegen Akt” tax credit for individuals acquiring residential real estate will be made permanent, with a fixed amount of EUR 40,000 per individual

Next steps and recommendations

The Draft Law is expected to be placed on the agenda of an upcoming public parliamentary session for a first constitutional vote. As of today, no legal or procedural obstacles appear to prevent their enactment, promulgation, and publication in the *Luxembourg Mémorial*.

Stakeholders are advised to assess the implications of these provisions in light of their ongoing or planned real estate transactions and to ensure timely compliance with the procedural requirements set forth in the proposed and existing legislation.

¹ referred to in Article 1601-13 of the Civil Code

Do you have any questions?



SAMANTHA HAUW

Partner

International & Corporate Tax

samantha.hauw@atoz.lu

T +352 26 940 213



MARIE BENTLEY

Chief Knowledge Officer

International & Corporate Tax

marie.bentley@atoz.lu

T +352 26 940 903