



ATOZ ALERT

2024 tax measures boosting the construction sector extended until 30 June 2025

3 April 2025

Yesterday, the Luxembourg parliament passed a [law](#) extending the temporary tax measures introduced by the [law dated 22 May 2024 introducing various measures to revive the housing market](#) (the “2024 Law”) for a further six months (the “**Extension Law**”). These measures were initially taken for 2024 only and presented as part of the first package of measures to boost the construction sector.

The Extension Law is now designed to support favorable indications coming from the construction sector and to prevent a slowdown in the current signs of recovery in property transactions.

The 2024 Law tax measures targeted by the Extension Law are the following:

Temporary increase of the “Bëllegen Akt” tax credit for individuals

The “Bëllegen Akt” tax credit for the purchase of real estate intended for residential use is increased from 30,000 to 40,000 euros per individual for property acquisitions documented by notarial deeds between 1 January 2024 and 30 June 2025.

In addition, the 2025 budget law states that, in the event of a purchase of real estate intended for residential use documented by a notarial deed executed between 1 October 2024 and 30 June 2025, a 50% reduction of the taxable basis used for the computation of the registration tax and transcription duties will be granted. The request for such a reduction must be included in the notarial deed of acquisition.

Extension of the “Bëllegen Akt” tax credit for investment in rental housing

As a result of the Extension Law, the “Bëllegen Akt” tax credit for investment in rental housing introduced by the 2024 Law now applies to sales in future state of completion (*Ventes en état futur d’achèvement - VEFA*) documented by notarial deeds executed between 1 January 2024 and 30 June 2025.

The tax credit is set at 20,000 euros per individual acquirer and applies only to individuals. This tax credit can be used for several acquisitions during 2024 and the first half of 2025, but the cumulative amount cannot exceed 20,000 euros.

In addition, the 2025 budget law also states that, in the event of an investment in existing or new rental housing between 1 October 2024 and 30 June 2025, a 50% reduction of the taxable basis used for the computation of the registration tax and transcription duties will be granted. The request for such a reduction must be included in the notarial deed of acquisition.

Temporary decrease of the tax rate for capital gains

Regarding the sale of developed and undeveloped properties forming part of the private assets of individuals, the Extension Law provides that the capital gains realised on such transactions, as referred to in Article 99ter of the Income Tax Law, will benefit from a quarter of the rate until 30 June 2025.

Net income is taxable in the year of disposal of the real estate property, regardless of the date of payment of the sale price. The date the property is realised is the date of the notarial deed, the judicial ruling, or the administrative deed if appropriate.

This measure was already applied between 2016 and 2018. At that time, it stimulated the supply of building land and housing; and contributed to an increase in real estate property sales.

Increase of the deadline within which a real estate alienation is considered as speculative

To curb speculation, the 2024 Law extended the period within which a real estate alienation is considered speculative from two years to five years, as from tax year 2025. However, to maximise the incentive effect of the Extension Law, the speculation period is maintained at two years until 30 June 2025.

Increase of the rate and the duration of accelerated depreciation for real estate investments allocated to rental housing

In order to boost demand for housing under construction with a view to renting it out, the accelerated depreciation rate will be maintained at 6% for a period of six years for deeds of sales in future state of completion signed up to 30 June 2025.

The properties in scope are those built for rental purposes, for which the taxpayer has signed a deed of sale in future state of completion (*VEFA*) between 1 January 2024 and 30 June 2025. The maximum annual amount deductible under this measure is capped at 250,000 euros. This amount is reached when the allowance is calculated on depreciable values of 6,250,000 euros.

The measure is granted for a maximum of seven tax years, i.e. the tax year during which the properties or parts of properties are completed (proportionally to the number of full months they are considered completed) and the following six years.

This special deduction for construction (*abattement construction spéciale*) cannot be cumulated with the existing special deduction for investments in real estate not older than five years and allocated to rental housing (*abattement immobilier spéciale*), to the extent that both deductions concern the same building or part of a building.

Capital gains re-invested in accommodation used for social rental management or belonging to energy performance class A+

The Extension law prolongs the tax neutrality regime for capital gains transferred to replacement properties, as provided by the 2024 Law, until 30 June 2025, under the same conditions (for more information about these conditions, please refer to our previous ATOZ Insights article: [“Law introducing measures for reviving the construction sector: Commentary”](#)).

The Council of State should now grant the Extension Law a dispensation from the second constitutional vote before it can be promulgated and published in the *Luxembourg Mémorial*.

Do you have any questions?



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