

ATOZ

TAX ADVISERS LUXEMBOURG

ATOZ SURVEY 2021

“A WIND OF CHANGE”
NEW SOCIETAL CHALLENGES
AND THE ABILITY TO RETHINK
THE WORLD: WHAT DOES
THE POPULATION THINK?



 TAXAND

FOUNDER & MEMBER OF THE WORLD
LARGEST INDEPENDENT TAX NETWORK

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01 INTRODUCTION

For the seventh year in a row, ATOZ has commissioned and made public a survey. Each year's survey explores a different theme, always focusing on Luxembourg trends – as industry thought-leaders, it is key for us to keep on top of market trends, continuously gaining a deeper understanding of our local environment.

As a reminder, in the past, we've looked at what Luxembourg professionals and individuals think about taxes (2015), how the surrounding population in the Greater Region views Luxembourg (2016), how Luxembourg residents feel about money and wealth (2017), how the so-called "millennial generation" perceives private business and entrepreneurship (2018), and the Luxembourg population's views on climate change (2019). Most recently, in 2020, with the COVID-19 pandemic top of mind, we took the opportunity to look at opinions on societal challenges and the role of the Luxembourg state.

We don't drive opinion or push an agenda; we simply hope that the results of these surveys contribute to a larger discussion between different stakeholders of our country, give new insights into our local landscape and give additional input into the debates taking place throughout the population.



This year, we took a slightly different approach to the past editions. Unfortunately, we cannot escape the fact that COVID-19 still occupies a large part of our day-to-day lives – the vaccination campaign is on-going, sanitary requirements remain in place, remote working is still the current norm – so what lessons have the Luxembourg population learned from the pandemic, if any? To answer this question, we decided to include a selection of questions from our past surveys to ask once again, enabling us to see how, if at all, attitudes have changed or evolved over the past years and, in particular, after having experienced such an unprecedented situation over the past 18 months.

We look at these potentially evolving attitudes and ask, "should the pandemic have us rethinking our vision of the world?" and if so, "what do we want to see?". This survey aims to highlight where the priorities of Luxembourg residents lie now, and to draw on trends that are emerging within the population with regards to change and its influence on various aspects of their lives.

This report is a summary of the results but also should be read as our interpretation of such, with an inevitable element of subjectivity. The results of the survey are made freely available to interested parties, so others are free to draw their own conclusions, thus contributing to a healthy debate on this topic.

02 METHODOLOGY

Working with Luxembourg-based marketing firm, Quest, we surveyed a representative sample of 600 people of various ages, nationalities and gender. From 6 to 16 September 2021, the survey was carried out by web-based questionnaire.

■ Sample breakdown

	N	%
Total	600	100%
Gender		
Men	300	50%
Women	300	50%
Age		
18-34 years	177	30%
35-54 years	225	38%
55 years and older	198	33%
Nationality		
Luxembourgish	316	53%
Foreign	284	48%
Socio-professional status		
Public sector	137	23%
Private sector	189	32%
Independent / Self-employed	46	8%
Retired	162	27%
Other	66	11%

03 RESULTS

I. COVID-19 lesson learnt: More than half the population now gives more importance to friends and family

"Profiter des plaisirs simples", "Take pleasure in the simple things"

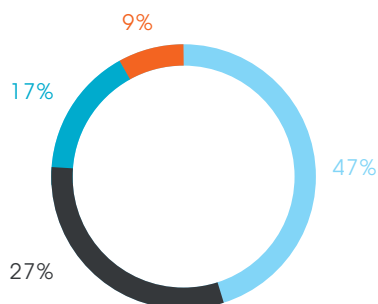
"Là où est ton coeur, là est ton trésor", "Where your heart is, there is your treasure"

We began our survey looking at personal aspects of the respondents' lives – Has experiencing the pandemic led to the population rethinking how they conduct themselves in certain areas of their personal lives?

We discovered that 64% of those surveyed think that this crisis acts as a driving force of change that will reshape their day-to-day lives. 6 out of 10 respondents feel they have re-evaluated certain elements of their lives and we see slight differences between demographics – 59% male vs 70% female, 59% Luxembourgish vs 70% foreigners.

Has the COVID-19 pandemic caused you to rethink and redesign certain facets of your personal life?

no, not at all
somewhat no
somewhat yes
yes, absolutely

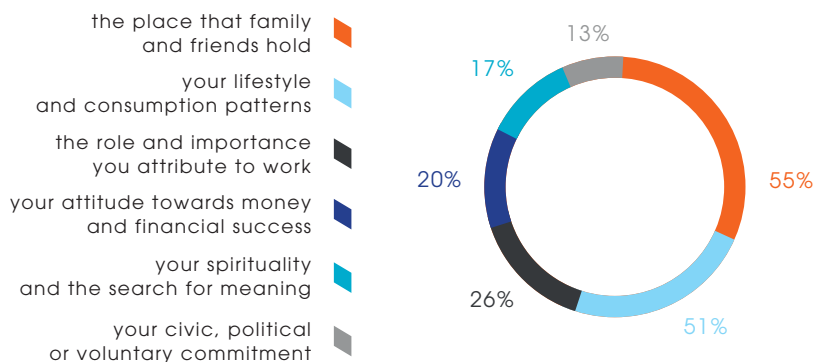


Has the COVID-19 pandemic caused you to rethink and redesign certain facets of your personal life?

	no, not at all	somewhat no	somewhat yes	yes, absolutely
Total	9%	27%	48%	17%
Men	11%	30%	42%	17%
Women	7%	24%	53%	17%
18-34 years	5%	28%	50%	18%
35-54 years	11%	24%	51%	15%
55 years and older	10%	30%	42%	18%
Luxembourgish	8%	33%	43%	16%
Foreign	10%	20%	53%	17%
Public sector	7%	29%	53%	11%
Private sector	9%	22%	51%	18%
Retired	12%	31%	39%	19%

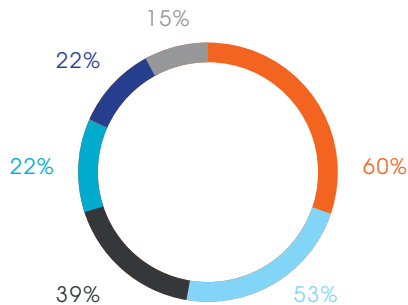
What aspects are they referring to? We quickly identified two key areas of focus - **the place family and friends hold** (55%) and **lifestyle and consumption patterns** (51%). At a second level, at 26% and 20% respectively, we also see changing attitudes in **the role and importance attributed to work** and **the attitudes towards money and financial success**.

What are possible facets of your personal life that the pandemic has caused you to reconsider?

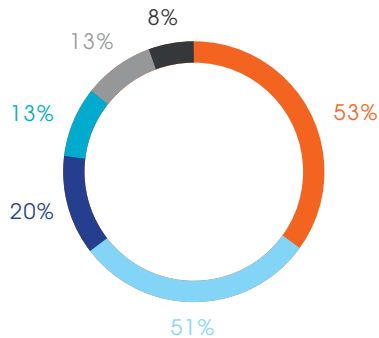


The differences between the younger generation (18 – 34 years of age) and the 55 and above age bracket can mainly be seen when looking at the secondary impacts including **the role and importance attributed to work, the attitudes towards money and financial success, spirituality and the search for meaning and civic, political or voluntary commitment.**

■ Focus on the 18 – 34 year olds



■ Focus on the 55-year-olds and above



- | | |
|---|---|
|  the place that family and friends hold |  your attitude towards money and financial success |
|  your lifestyle and consumption patterns |  your spirituality and the search for meaning |
|  the role and importance you attribute to work |  your civic, political or voluntary commitment |



Focus on... Financial success

The importance we give to financial success drops significantly but remains of key importance to live comfortably

"L'argent est un moyen pas un but", "Money is a means, not a goal"

"Malheureusement il faut de l'argent pour vivre! Je ne vais pas minimiser son importance. La vie n'est pas vraiment bon marché au Luxembourg!", "Unfortunately, you need money to live! I will not downplay its importance. Life really isn't cheap in Luxembourg!"

Digging deeper and drawing from our 2017 survey, we asked our audience about their current attitudes towards financial success. We found a subtle drop in the level of importance given to financial success – "Money is important" scoring 62% back in 2017 vs 48% today with "all this materialism is dreadful" set at 12% this year, up from 8% in 2021. We see the foreign audience attributing slightly more importance to wealth than the local population (58% vs 48%) and the 55 years and above age bracket thinking the least of its importance (47% vs 64% for 18-34 and 50% for 35-54 age brackets). We see, however, very little difference in the attitudes between the male and female respondents (56% vs 52% respectively).

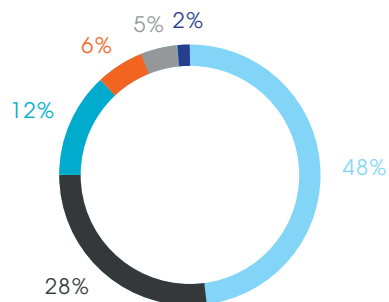
Looking at attitudes towards materialism, we found that the oldest age bracket interviewed had the strongest opinion on its potential negative impact on our lives answering at 16% under "all this materialism is dreadful". The 18-34 age bracket seemed to lean less towards this opinion with only 7% answering in the same way.

Can we argue that the family/friends pillar and the pillar relating to financial elements go hand-in-hand when looking at changing attitudes? Why has the importance of wealth diminished since the same question was asked in 2017 and seemingly the importance of family and friends has increased? Has the increase in remote working opportunities given our respondents a different view of family life? Perhaps the fact that not having a commute to and from the office taking away from this quality time has been a turning point?



After the impact of the pandemic, what is your attitude to financial success?

- you like money: the more you have, the better
- money is important
- for you it's neither important nor unimportant
- money is not important at all
- all this materialism is dreadful
- other opinion



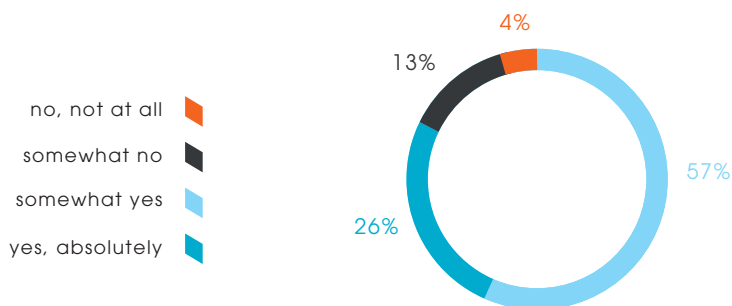
II. COVID-19 lesson learnt: 8 out of 10 respondents believe Luxembourg should reconsider certain ways of working

*"La pandémie nous a permis de voir les dysfonctionnements des gouvernements",
"The pandemic has allowed us to see the dysfunctions of governments"*

"Je questionnais ces choses déjà avant la pandémie, mais la pandémie a renforcé mon questionnement", "I was already questioning these things before the pandemic, but the pandemic has reinforced my questioning"

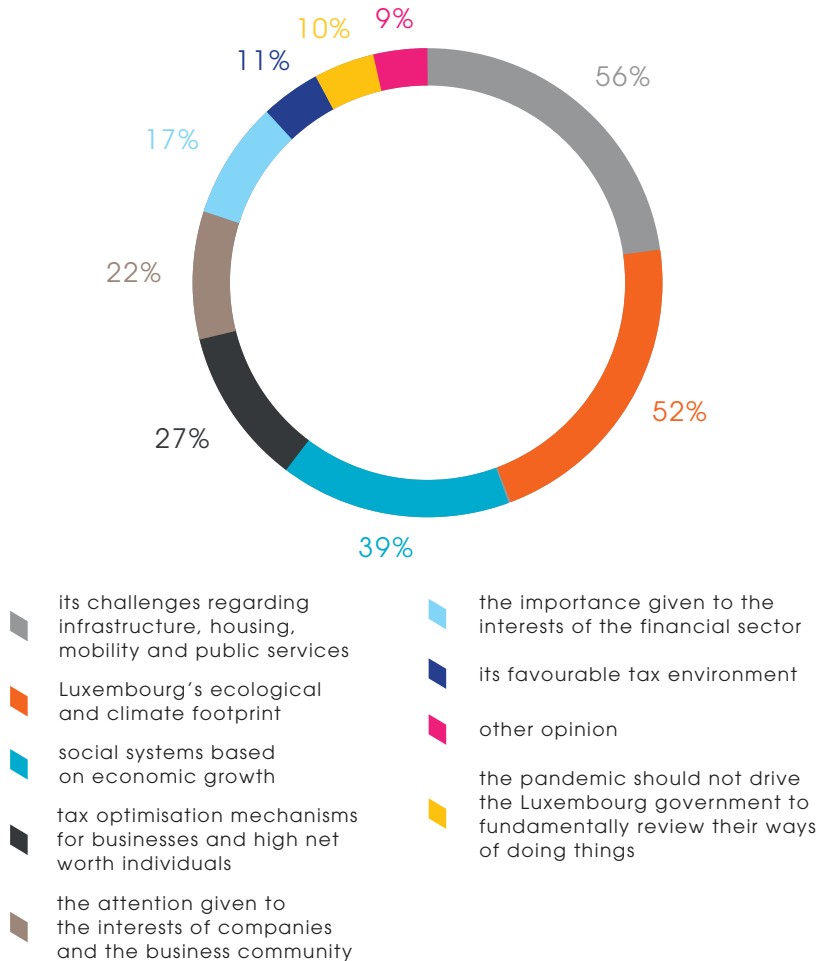
Looking wider, we asked our sample whether the pandemic should be a catalyst to rethink and reconsider Luxembourg's way of working. We saw an overwhelming 8 out of 10 respondents believe that the pandemic should lead to the country adapting certain facets (83%). We see the female population feeling this stronger than the male respondents (87% vs 79%) while no, or very little, difference in opinion can be seen between the three age brackets (83% overall) and the nationality groups (83% for Luxembourgers and 84% for foreigners).

In your opinion, should the COVID-19 pandemic lead us to rethink and reconsider certain ways of doing things in Luxembourg?



We see three key aspects to put under the spotlight - **its challenges related to infrastructure, housing, mobility and public services** (56%), **its ecological and climate footprint** (52%) and **its social systems which are based on economic growth** (39%).

What are possible ways of doing things that Luxembourg should reconsider after the pandemic?



Changes needed in infrastructure, housing, etc. are seen in a similar light with our full audience, as we see no significant variances in the demographic groups. The same can be said, for the most part, when looking at the feedback for the other two categories. However, we do see two particular elements of interest and variance - Echoing the results of our survey on climate change conducted in 2019, we see the age bracket of 18 - 34 feeling most strongly about looking at the ecological and climate footprint pillar going forward (64%) and the self-employed feeling the biggest need for change in the economic social systems in place (57%). Can this be attributed to this audience



feeling a lack of support from the government during the most difficult moments of the pandemic in comparison to the support given to public corporations, for example? Finally, we see the age bracket of 55 and above feeling strongest about the need for a shift in infrastructure services (55%).

We can draw comparisons with certain results of our 2020 survey. Last year, the population was looking for more regulation in the housing market, corporate activities and consumption patterns. While we looked wider into infrastructure than only the housing marketing, similar comparisons can be drawn – our audience still seeks a focus on looking at the challenges related to infrastructure, housing, mobility and public services, with only slight variances between the demographic groups as it can still be argued that everyone is concerned by this subject regardless of age, gender or nationality.

Digging deeper... **Infrastructure, housing, mobility and public services**

Looking at results from 2020, 70% of respondents wanted to see housing policies reviewed so as to ensure they better meet people's needs, the first request from the population being to cap market prices in order to make housing more affordable. This has, so far, not been the case - In 2020, significant increases of 15% for apartments and 9% for houses were reported for Luxembourg compared to 2019.

And let's not forget... **“Ecological and climate footprint” and “social systems which are based on economic growth”**. Are these topics top of mind for our government as well?





Focus on...

Financial success: Wealth management and fiscal services

A large jump in scepticism observed

Asset management for very wealthy individuals being one of the pillars of our financial centre, we took the opportunity to include a question from our 2017 survey on money and wealth in order to be able to establish whether the pandemic has led to a shift in views in this area. We quickly found a jump in the percentage of individuals seemingly critical of this practice (35% in 2021, up from 17% in 2017). 55% of respondents in 2017 felt that this idea of asset management was good for our local economy. We are now down to 33% in 2021.

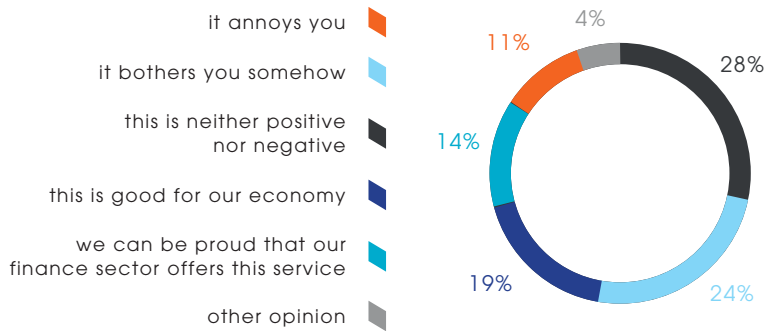
We aimed to continue the debate with a second repeated question looking at attitudes to fiscal and financial advice for companies and we found similar results to above. 26% of 2021 respondents have critical views in comparison to 17% in 2017. Those feeling positive about this practice is down to 41% from 53% in 2017. We see the biggest variances in views between the 18-34 and 55 and above age brackets. Throughout other groups, the variances are minimal.

Drawing on our conclusions from 2020's survey, respondents are continuing to ask for more transparency around these practices. The new generation becomes more and more distrustful and critical towards such private enterprises.

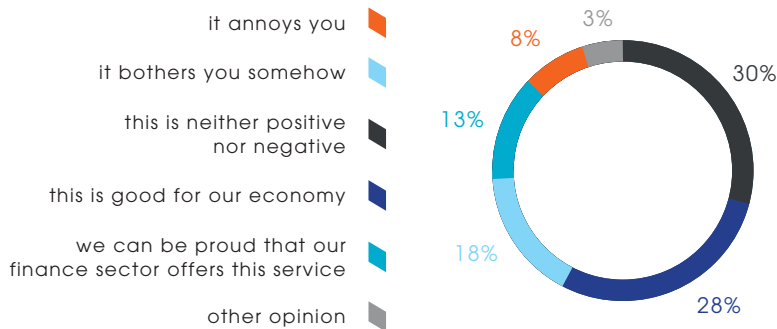
We, as businesses and employers, need to continue to advocate transparency, to reassure the population that there is nothing to be distrustful of and that we, and Luxembourg, are strong believers in ensuring consistent transparency.



The pandemic has also sparked fundamental discussions about taxation and the distribution of wealth. One of the pillars of our financial centre is asset management for very wealthy individuals. What is your attitude to this situation?



One of the pillars of our financial centre is fiscal and financial advice for companies. What is your attitude towards this reality?



However, surprisingly, worries about the general regulation behind corporate activities seem to have decreased, falling behind the three main pillars mentioned above. We can draw the conclusion that the younger generation who had stronger opinions on corporate elements a year ago now feel stronger about more personal elements that could have a more direct impact on their day-to-day and future lives.

*"Les sociétés devraient être conscientes qu'elles ont un rôle plus social que économique",
"Companies should be aware that they have a more social than economic role"*

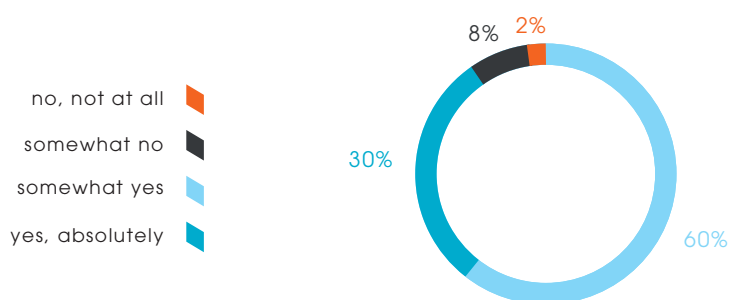


III. COVID-19 lesson learnt: 9 out of 10 respondents believe we need to rethink our vision of the world

"Big corporations & globalisation must be tightly controlled"

The final section of our survey looked at whether we should be rethinking our vision of the world. 9 out of 10 respondents say yes (90%), with age bracket 18-34 feeling slightly stronger about this at 93% vs 89% for the other two age brackets.

In your opinion, should the COVID-19 pandemic lead us to revise our view of the world?

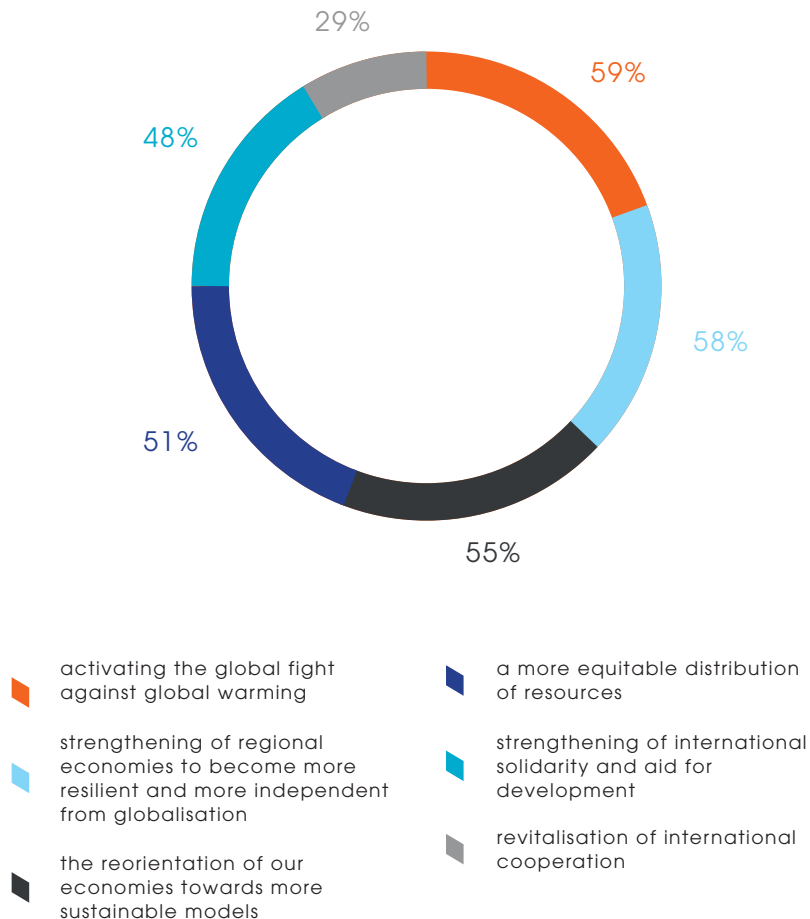


The spectrum of desired changes on a global level is vast. However, looking at the results, we can identify five key areas – in order of perceived importance:

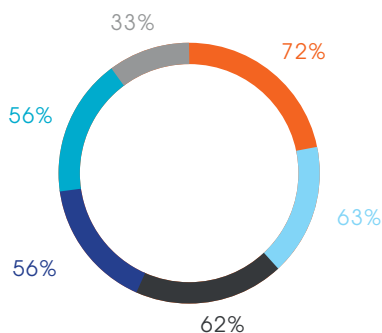
1. **Activating the global fight against global warming** (59%)
2. **Strengthening of regional economies to become more resilient and more independent from globalisation** (58%)
3. **The reorientation of our economies towards more sustainable models** (55%)
4. **A more equitable distribution of resources** (51%)
5. **Strengthening of international solidarity and aid for development** (48%)

As can be clearly noted, perhaps unsurprisingly, is that climate change remains of extremely high importance, both on a local and global level. Once again, age bracket 18-34 feeling the strongest at 72% vs 55% and 52%. We also note the figures of 65% of foreigners vs 53% of local respondents – Could we say this variance is due to the foreign audience thinking wider afield, perhaps to their home countries?

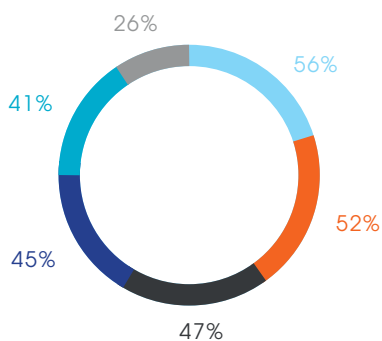
■ What aspects of the world should the pandemic make us rethink?



Focus on the 18 – 34 years olds



Focus on the 55-year-olds and above



- | | |
|--|---|
|  activating the global fight against global warming |  a more equitable distribution of resources |
|  strengthening of regional economies to become more resilient and more independent from globalisation |  strengthening of international solidarity and aid for development |
|  the reorientation of our economies towards more sustainable models |  revitalisation of international cooperation |

Focus on...

Financial success: Climate change

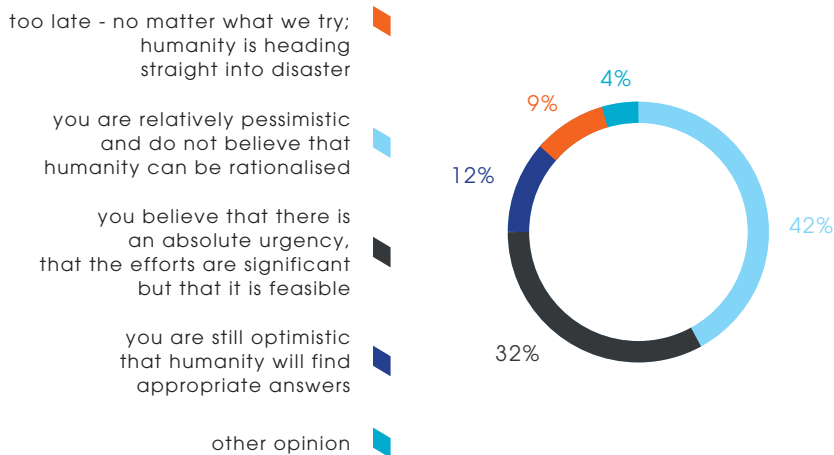
Over 50% of the population seeming sceptical that mankind can be reasoned with

Many public voices warn us that, after the pandemic, the fight against global warming must become our priority. Drawing further from our 2019 survey on the Luxembourg population's views on climate change, we wanted to see whether views have shifted over the past few years, in any direction. Therefore, we asked our audience whether, based on their perspective on the management of the pandemic, do they believe that it is possible to change humanity's lifestyle and its effects on the planet?

Today, we see over 50% of the population seeming sceptical that mankind can be reasoned with, with 51% of those surveyed either feeling pessimistic or simply just thinking it is too late to change mindsets. In 2019, we saw 45% believing that it will be difficult to change our ways, but it is possible. This year, we are down to 32%.



Many public voices warn us that after the pandemic the fight against global warming must become our priority. Based on your perspective on the management of the pandemic, do you believe that it is possible to change humanity's lifestyle and its effects on the planet?



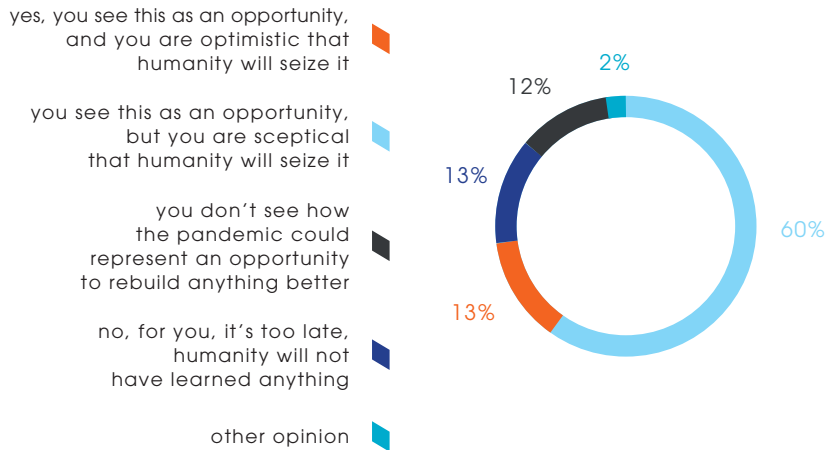
Is it too late? Can the feeling of resignation be turned around?

60% of our respondents see the pandemic as an opportunity for change but are sceptical, with only 13% seeing an opportunity and feeling optimistic that humanity will jump at the chance to reinvent itself. A large 68% feel that we won't find the way towards this presumed "better way of doing things".

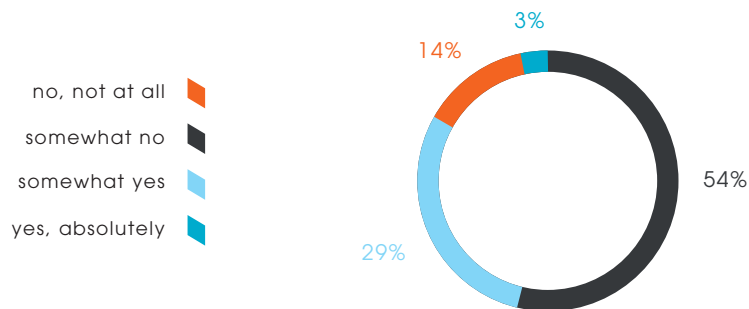
Our interpretation is that the population craves change and sees an immediate need for it, but they seem to focus on collective changes more than on their own personal level. Viewing the pace of collective change, the population has an almost defeatist attitude towards our capability to change. We can conclude that they are looking for leadership in this change, a leader to show them the way.



After the initial shock, we now hear more and more voices saying that the pandemic is also an opportunity to rebuild our world and improve our way of doing things. What is your position?



After all these considerations, do you think that humanity will find a way towards a more responsible economy and consumption, more equitable, inclusive and united societies?





04 CONCLUSIONS

“Je préfère rester optimiste mais les réponses adéquates dépendent des politiques, du pouvoir de l’argent et du comportement/mentalité de toute la planète...”, *“I prefer to remain optimistic but the adequate answers depend on the politicians, the power of money and the behaviours and mentality of the entire planet...”*

Through our analysis of the survey results, we have uncovered a population looking for change, truly feeling the need for it on a number of levels and seeing the pandemic as an opportunity in this regard, but, we have also uncovered a population which is sceptical, and even perhaps cynical, as to whether any changes can or will happen at all.


More than half of the population thinks that this health crisis should act as a driving force of change and is an opportunity to build a better future that must not be wasted, as we had also noticed from last year’s survey results. Improvements need to be made regarding our negative impact on the environment, the closely related subject of our consumption patterns and Luxembourg infrastructure/social systems.

A large number of respondents think it’s time to review the place they give to friends and family in their lives, as well as their consumption patterns. Last year, we saw that they believed that they needed the government to introduce new rules in that regard, to raise awareness and educate people to act for the environment. Findings from both surveys correlate with the results of our previous survey on climate change, from which we concluded that the Luxembourg population was ready to make the environment a priority and agreed that change should come from outside forces, including restrictive laws, taxes and subsidies.

Last year’s survey gave us the opportunity to ask who the agent of change should be, where should the responsibility lie in addressing these challenges and the changes the population are looking for? We saw then that respondents believed the responsibility lies almost equally with consumers in making informed choices and the government in putting in place effective legal frameworks. The population looked for a true combination of consumers’ mindfulness and government’s regulatory power to tackle tomorrow’s challenges.

But what about now? Is the responsibility to be so equally shared, according to our audience? Who is the population looking to to implement these changes? This year we see a shift – a scepticism towards the fact that individuals are even able to implement such changes.






The government should use this scepticism and this seemingly negative attitude to turn the tide and come up with solutions. Without hope there is no change, no ambition and no goals to achieve. Can we conclude that we need to be led by true leaders who show us the way and inspire others to follow their lead? The population seems to find it hard to see that everyone can contribute to a presumed better future at their own level, hence the desire to first change the world and Luxembourg and then they will change their own personal lives.

We can also conclude that timing is key – change must happen now so as to avoid the population becoming too defeatist.

On Tuesday 12 October, Prime Minister Xavier Bettel addressed the nation, announcing a number of policy initiatives his government looks to implement. He spoke about his desire to put in place a citizens' climate council, to decarbonise the economy, to propose a new draft law on property taxation, to review elements of work/life balance on a country level and, perhaps of high importance, to have an independent review of the country pandemic response conducted with the aim of truly learning lessons and preparing for the future.

So, is this the leadership we are looking for? Do we need more individuals and organisations to take up this leadership challenge? Let's start the conversation today.





WE LOOK BEYOND THE HORIZON
TO HELP YOU PLAN TODAY
FOR TOMORROW'S CHALLENGES

⌘ TAXAND



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