


ATOZ

TAX ADVISERS LUXEMBOURG

ATOZ SURVEY 2020

**COVID-19
SOCIETAL CHALLENGES
AND ROLE OF THE
LUXEMBOURG STATE
WHAT DOES THE
POPULATION THINK?**

 **TAXAND**

FOUNDER & MEMBER OF THE WORLD
LARGEST INDEPENDENT TAX NETWORK

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01 INTRODUCTION


For the sixth year in a row, ATOZ Tax Advisers have commissioned and made public a survey. Each year's survey has a different theme but always focuses on Luxembourg trends – as industry thought leaders, we're always looking to gain a deeper understanding of our local environment.

In the past, we have wanted to find out 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 most recently, our 2019 survey focused on the different viewpoints of the Luxembourg population regarding climate change. 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 and give new insights into our local landscape.



This year's survey subject relates to new challenges and struggles that we all had to face – and are still facing. Our government had to address the health crisis and introduce drastic measures to limit the spread of the virus, which forced us to adapt to the situation and review some of our plans and ways of living. Globally, the role of government increased massively in many fields, including health, the economy and education.

In this respect, **our latest investigation focuses on the perception of government by the Luxembourg population.** We wanted to see what residents think about the role of government and how, in the future, could such challenges be better tackled. This survey aims to highlight where the priorities of Luxembourg residents lie, and to draw on trends that are emerging within the population with regards to government 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 the results, 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 13 to 22 August 2020, the survey was carried out by a web-based questionnaire. The breakdown of the sample can be seen below.

	N	%
Total	600	100%
Gender		
Men	300	50%
Women	300	50%
Age		
18-34 years	177	30%
35-54 years	224	37%
55 years and older	199	33%
Nationality		
Luxembourgish	313	53%
Foreign	287	48%



03 RESULTS

COVID-19 crisis: A driving force of change that will shape tomorrow's society

"Une nouvelle façon de vivre en société et une réflexion de fond sur nos besoins primaires et le respect de l'autre et de la nature impliquant le privé comme le politique."

"A new way of living in society and a fundamental reflection on our primary needs and respect for others and for nature involving the private as well as the political spheres."

We began our survey with a question aimed to find out what the views of the population were regarding the health crisis as an opportunity to rebuild our society.

We discovered that 90% of those surveyed think that this crisis acts as a driving force of change that will reshape tomorrow's society. Of these 90%, 54% believe it's time to make big changes while 36% of the population concede that some adjustments need to be made. We can then say that there is a strong desire to redesign our nation, but what aspects need to be addressed first?

Through the second question, we identified three subjects as priorities. The first two echo our previous survey on climate change, as 56% of those surveyed call for actions regarding our negative impact on the environment and 49% ask for a discussion on our consumption patterns, which should be adapted to reverse global warming. The third theme to be treated as a priority, for 35% of respondents, is the European Union and its role. If we dig deeper into these results, we notice that female, younger and foreign respondents are more concerned about the environment and their way of consuming, while the European Union tends to be more important to male, older and Luxembourgish respondents. We can also talk about a fourth subject regarding wealth and resources distribution which, according to 26% of those surveyed needs to be revised. This point can be linked to the important question of who's going to re-pay the debt from the COVID-19 crisis?

Then we wanted to see who should be the agent of change to address these subjects and challenges. Surprisingly, most of the respondents say that these changes will rely on consumers' informed choices (55%) and the power of the government with a new legal framework (54%). 45% of the respondents say that the pressure from people and civil society could also be part of the solution. These numbers are interesting as they show that **the population mostly votes for a combination of consumer mindfulness and government's regulatory power to meet today's and tomorrow's challenges, which also means that 54% of those surveyed are willing to give up some of their freedoms to re-imagine our society.**

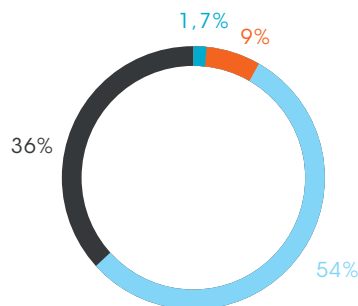
The COVID-19 crisis and the containment measures have impacted our ways of living. Some see it as an opportunity to rethink our society. What do you think?

you would like us to go back to the pre-crisis situation - our society wasn't that bad

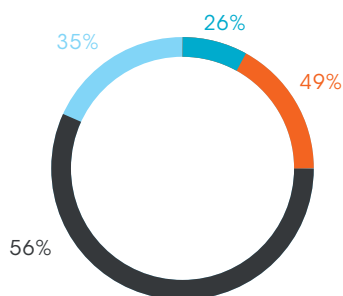
there are certainly slight adjustments to be made within our society





it's time to make big changes and rebuild our society

you have another thought



What aspects of our society need to be discussed first? (you have up to three choices)

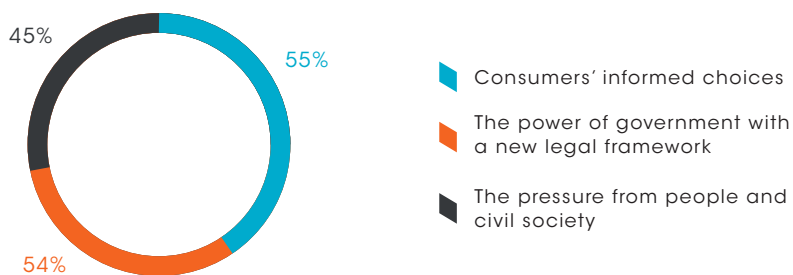


-  Our impact on the environment
-  Our consumption patterns
-  The European Union and its role
-  The wealth and resources distribution

	Our impact on the environment	Our consumption patterns	The European Union and its role
Total	56%	49%	35%
Men	45%	42%	45%
Women	66%	56%	26%
18-34 years	69%	53%	27%
35-54 years	52%	51%	32%
55 years and older	48%	34%	46%
Luxembourgish	49%	50%	43%
Foreign	63%	48%	27%
Civil servant/Public sector	57%	53%	35%
Private sector employees	59%	54%	29%
Retirees	49%	40%	49%



**On what or who should we focus to make our society change?
(you have up to three choices)**





Views on the government's regulatory power and its impact on various aspects of our lives

"L'Etat devrait réglementer dans le sens du contribuable, du citoyen et non dans le sens des lobbys, riches et influents."

"The State should regulate in favour of the taxpayer, the citizen and not in favour of lobbies, wealthy people and opinion leaders."

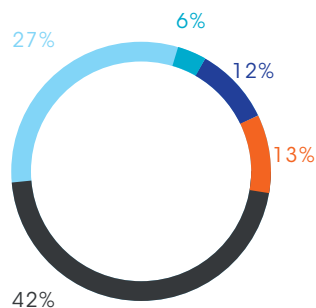
We asked our sample what were their thoughts on the government's regulatory policy to face today's and tomorrow's challenges. In practical terms, we wanted to know if the population was for more or for less regulation. We noticed that there is a disagreement among those surveyed regarding this question, as 54% think the government should regulate more and 40% think it should regulate less. By analysing the comments received, **we understand that a lot of respondents consider that the government does the right thing, while others say it should better serve its people.**

Following on from this question, we wanted to know in which domains the government should regulate either more or less. **The top three areas cited for more regulation were the housing market, corporate activities and consumption patterns.** Again, if we look deeper into these results, there are no clear variances concerning the housing market as everyone is concerned by this subject regardless of age, gender or nationality. Regarding corporate activities, there are more younger people voting for increased regulation as this generation seems more critical and distrustful towards private enterprises – this echoes our previous survey on Luxembourg millennials and their view of the business world. Finally, we see that most of the respondents who asked for more regulation on consumption patterns are foreign and younger people, demonstrating that this generation may be more concerned about the environment than others.

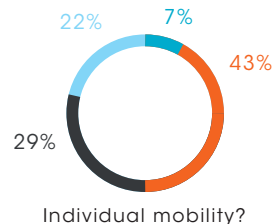
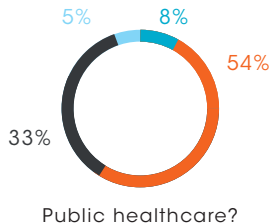
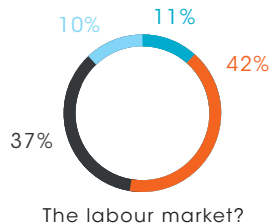
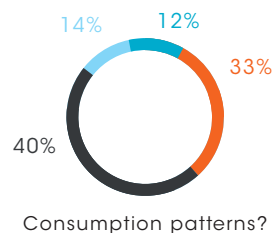
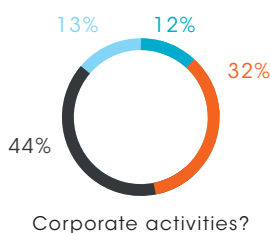
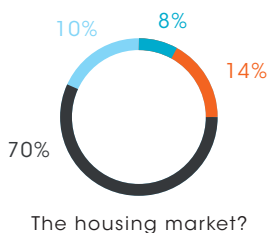
With regards to the other areas, we notice that for the labour market (42%) and public healthcare (54%), most respondents believe the current level of regulation is sufficient. Regarding individual mobility, 43% of respondents think that the current level of regulation is good and 23% ask for less control on this matter.

Our society is facing multiple challenges at the same time. What is your position regarding the regulatory power of the State to tackle these challenges?

- In general, the State regulates far too much
- One or the other sector is over-regulated by the State
- One or the other sector should be more regulated by the State
- In general, the State should regulate much more
- You have another thought



Some citizens believe that the State regulates too much. Others believe that it's not enough for meeting the challenges of our society. What level of State influence do you expect on...



The State should regulate more

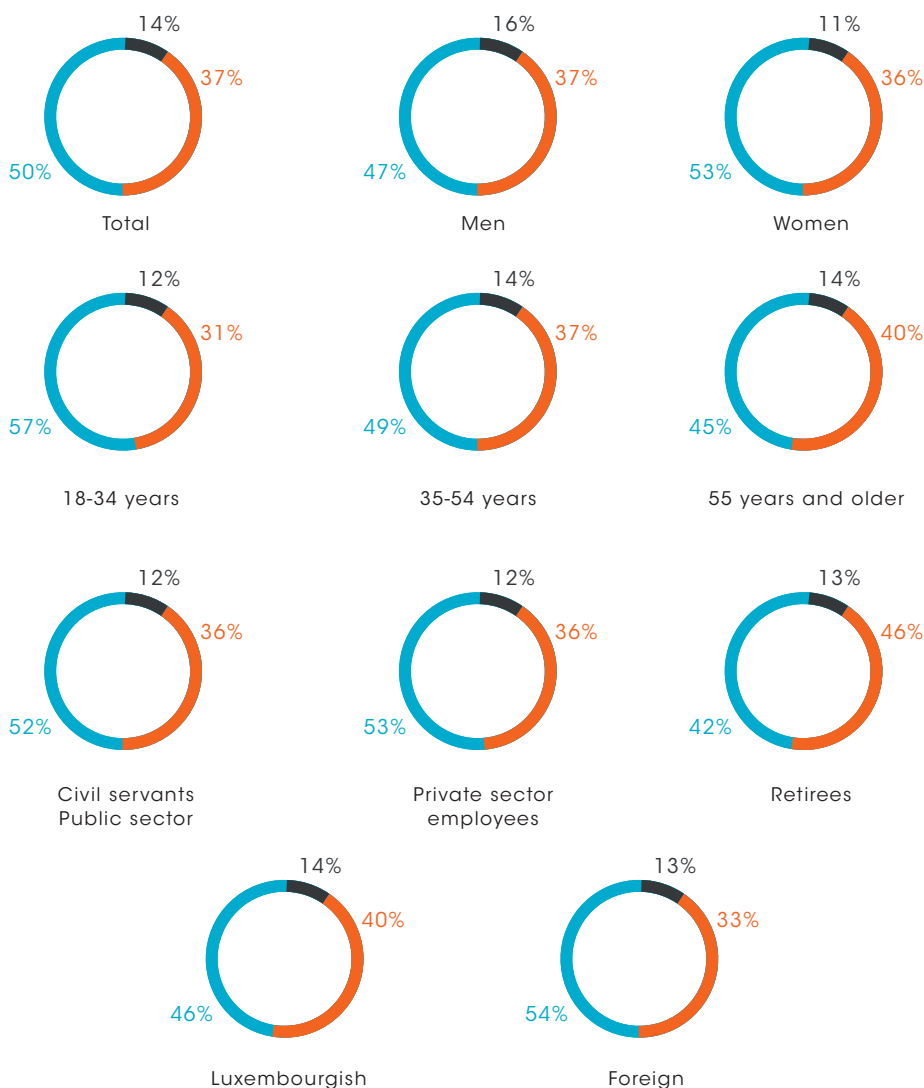
The current level of regulation is good

The State should regulate less

You don't know

Some citizens believe that the State regulates too much. Others believe that it's not enough for meeting the challenges of our society. What level of State influence do you expect on corporate activities?

▼ Respondents' profile



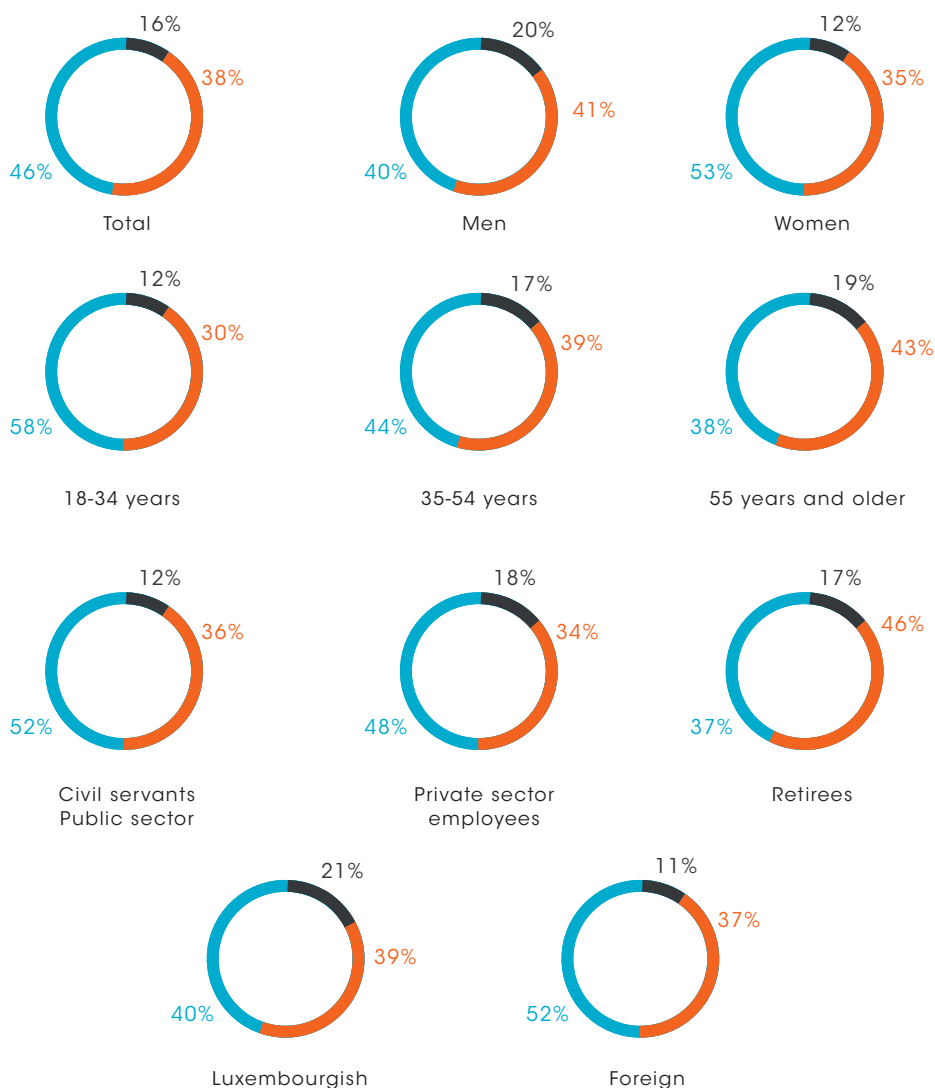
The State should regulate less

The State should regulate more

The current level of regulation is good

Some citizens believe that the State regulates too much. Others believe that it's not enough for meeting the challenges of our society. What level of State influence do you expect on our consumption patterns?

▼ Respondents' profile



The State should regulate less



The State should regulate more



The current level of regulation is good





Urgent need for a revised housing policy

"Au lieu de construire partout, il faudrait réhabiliter les terrains et/ou bâtiments abandonnés. Il faudrait également maintenir les prix à un niveau moins extravagant et honteux obligeant la population, jusqu'à la classe moyenne, de devoir aller vivre dans les pays frontaliers."

"Instead of building everywhere, abandoned land and/or buildings should be rehabilitated. We should also keep prices at a less extravagant and shameful level that forces the population – to the middle class – to live in neighbouring countries."

We dug a little deeper and asked our sample of respondents in favour of more regulation which measures should be carried out by the government for the different areas mentioned above.

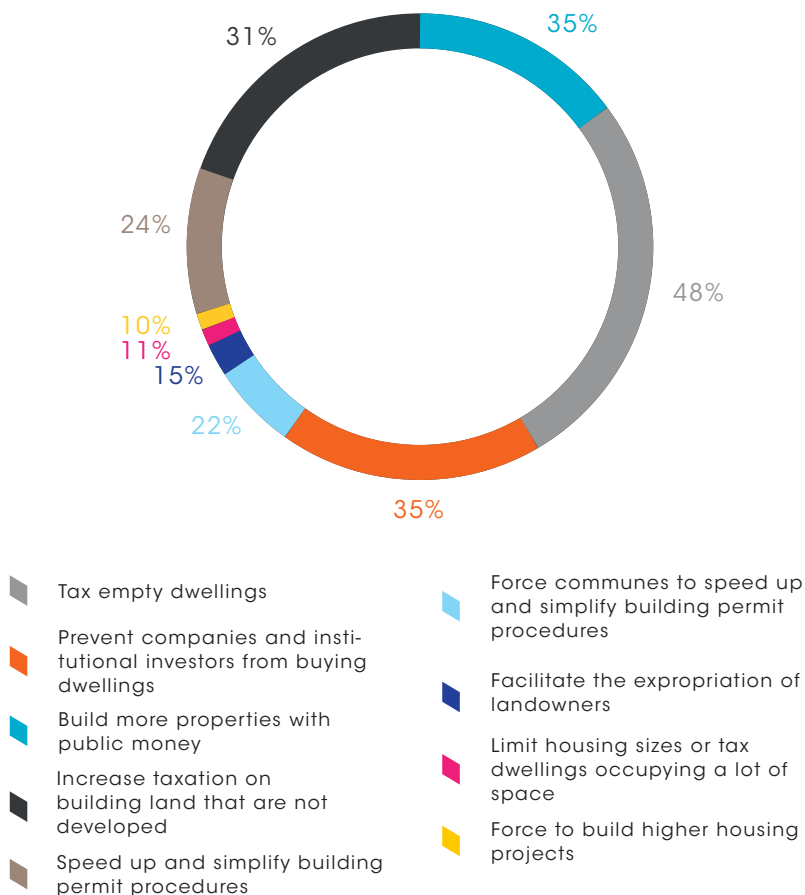
The first domain for which those surveyed asked for more intervention by the State was the housing policy.

70% of respondents would like to see it reviewed so as to ensure it better meets people's needs. To do so, according to them, **the top three measures would be to increase taxation on empty dwellings, prevent companies and institutional investors from buying dwellings and build more properties with public money.**

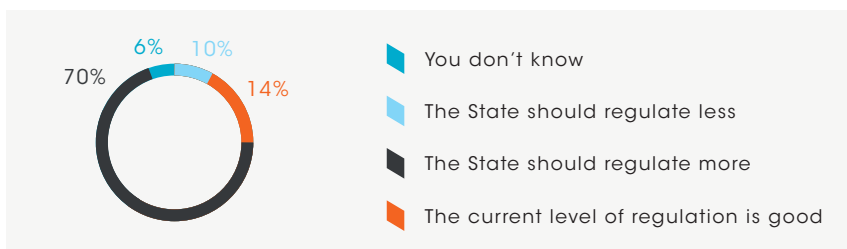
If we look at the comments received, we notice that the first request from the population is to cap market prices in order to make housing more affordable. According to LISER, in 2019 the average rental cost for an apartment in Luxembourg was 1,591 euros and 2,917 euros for a house. The average purchase price of an apartment was 658,977 euros and 970,589 euros for a house. In 2019, housing prices rose by 11.4% in Luxembourg while the average increase in the European Union was 4.2%. This can explain why the population has concerns about this sector and wants to see it more regulated. Another recommendation from the population would be to build while respecting the environment and think first about restoring before building from scratch.



**You seem to be in favour of more State influence on the housing market.
What necessary measures should be introduced by the government?**



WHAT LEVEL OF STATE INFLUENCE DO YOU EXPECT ON THE HOUSING MARKET?



Towards transparent and caring companies

"Il faut réglementer le secteur de la finance, contrôler le secteur bancaire ainsi que les firmes d'audit censées le contrôler."

"We need to regulate the finance industry, control the banking industry as well as the audit firms supposed to supervise it."

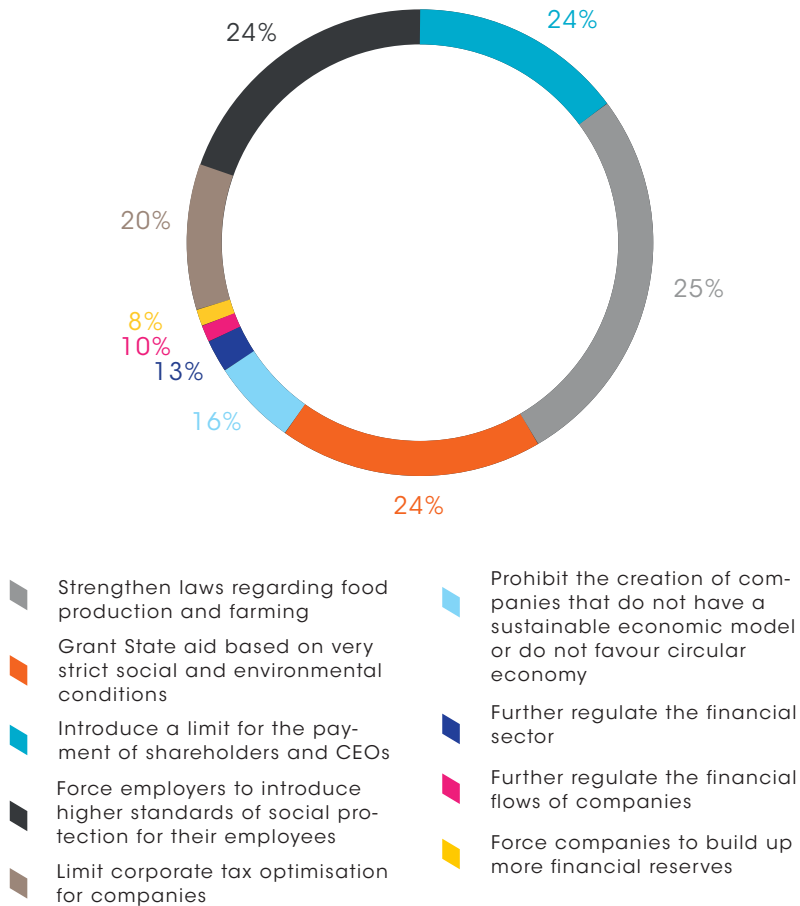
According to 44% of respondents, corporate business was the second field that needs to be more regulated.

Among different measures, **the top four included strengthening laws regarding food production and farming, granting State aid based on very strict social and environmental conditions, introducing a limit for the payment of shareholders & CEOs and forcing employers to introduce higher standards of social protection for their employees.**

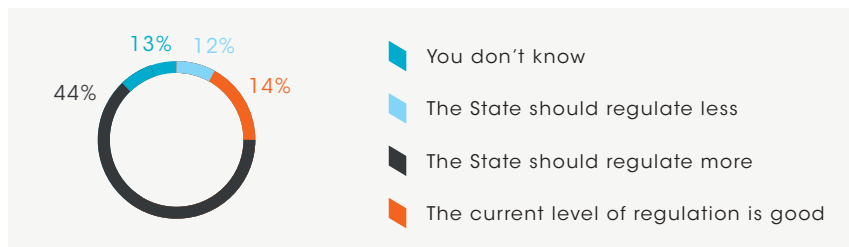
By taking a closer look at the results, we notice that the population is asking for more transparency from companies and wants them to care more about their employees and their environment, by complying with social and green requirements. It seems that the younger generation is sceptical of business practices which, according to them, do not always respect laws and regulations. Through the comments received, we note that many of the respondents think that the State should tax the giants of the web (GAFA), better control the banking and financial sectors, promote homeworking and improve checks on employees' well-being in the working place.

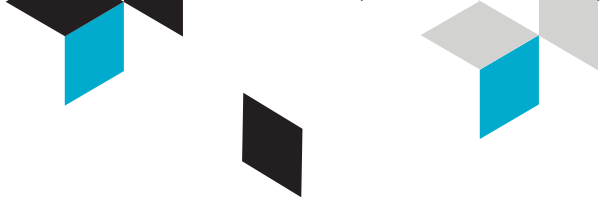


**You seem to be in favour of more State influence on corporate activities.
What necessary measures should be introduced by the government?**



WHAT LEVEL OF STATE INFLUENCE DO YOU EXPECT ON THE CORPORATE ACTIVITIES?





A more sustainable way of consuming

“Promouvoir les circuits courts et les produits de saison, éliminer les modes de production et d'élevage intensifs, éduquer la population à une consommation plus juste et saine.”

“Promote local business and seasonal products, stop intensive farming, educate the population towards fairer and healthier consumption.”

Surprisingly, 40% of those surveyed were in favour of more regulation on their consumption patterns, thus giving up a certain freedom for a better way of consuming.

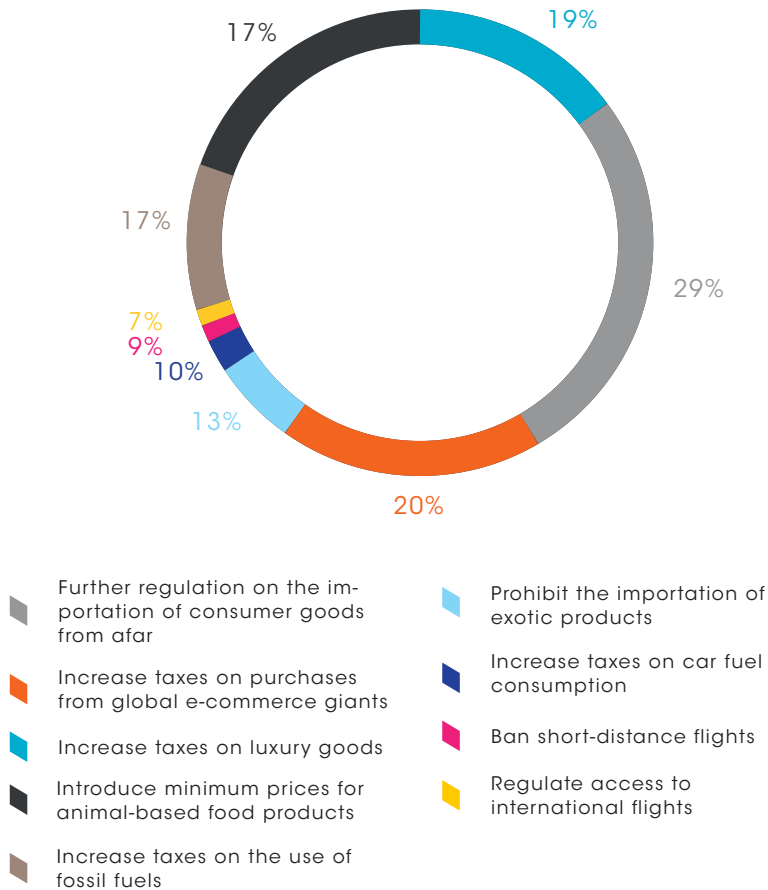
According to them, **the top three measures that the government should introduce would be further regulation on the importation of consumer goods from afar, increased taxes on purchases from global e-commerce giants and increased taxes on luxury goods.**

These measures are oriented towards a way of consuming that respects the environment and promotes buying locally, showing that the population is more and more conscious of its negative impact on the planet and is ready to fight against climate change even if this entails a change in habits. Through the comments received, we see that many of the respondents think the government should tax supermarket chains on plastic packaging, stop intensive farming, promote local business and introduce a carbon tax.

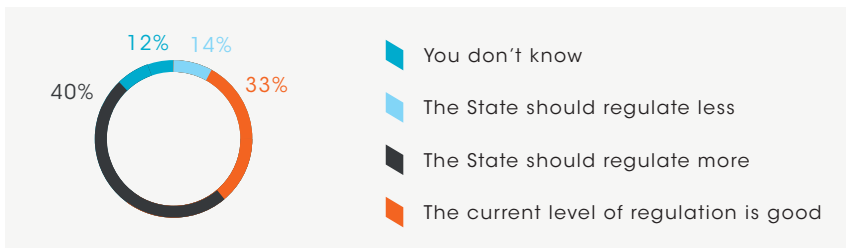
For more information on that topic, we recommend you read our previous survey which deals with these issues in more detail.



You seem to be in favour of more State influence on our consumption patterns. What necessary measures should be introduced by the government?



WHAT LEVEL OF STATE INFLUENCE DO YOU EXPECT ON OUR CONSUMPTION PATTERNS?



How to improve today's government role to better tackle tomorrow's challenges?

"Que l'état soit au service d'un projet de société plutôt qu'une machine sans objet."

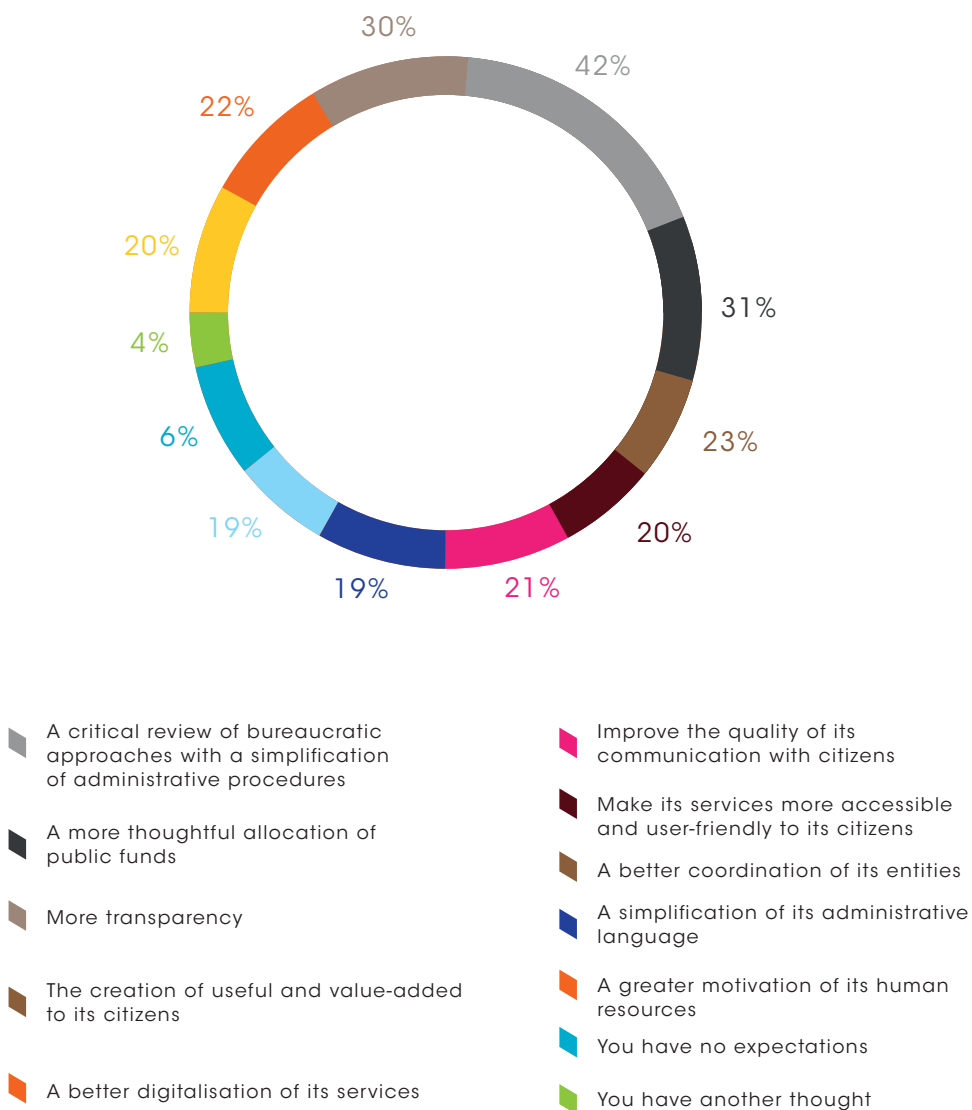
"The State should be serving a societal project instead of being a machine without purpose."

We concluded our survey by asking our sample what their expectations towards our government were and what aspects of its current organisation needed to be improved to better serve people's interests.

The top three responses were a critical review of bureaucratic approaches with a simplification of administrative procedures, a more thoughtful allocation of public funds and more transparency.

By taking a closer look at the comments, we notice that a lot of respondents think that there should be more coordination between ministries and government bodies, that the judicial system is an important issue to be addressed and that communication should be smoother and available in as many languages as nationalities. This last question also raised a debate regarding the public service compensation policy.

**What are your expectations towards the Luxembourg State?
What aspects of its current organisation need to be improved?
(you have up to three choices)**



04 CONCLUSIONS



Through our analysis of the survey results, we have uncovered a population which is willing and able to help in rebuilding our society.

More than half of the population thinks that this health crisis will act as a driving force of change and is an opportunity for a better future that must not be wasted. Major improvements need to be made regarding our negative impact on the environment, our consumption patterns – which are closely related – and the role of the European Union. But who will instigate this march for change?

Most believe in a combination of consumers' mindfulness and government's regulatory power to tackle tomorrow's challenges, even if it means introducing more rules and giving up on a certain level of freedom.

According to the respondents, the most important issue to be addressed by policy makers and politicians is the access to housing. They question market prices and ask the government to take action. Some recent studies confirm that housing prices in Luxembourg are significantly higher than the European average, which was and still is a hot topic in our country.

In regards to corporate activities, most of the survey takers are critical and ask for more control from the State. We saw the same statement in our previous survey on Luxembourg millennials. It seems that the new generation is more and more critical and distrustful towards private enterprises. Again we, as businesses and employers, need to turn the tide by listening to and understanding their comments, so that we can adapt our practices and change their views.

A large number of respondents think it's time to review their consumption patterns as a way to save the planet and fight against global warming. They believe that they need the government to introduce new rules in that regard, to raise awareness and educate people to act for the environment. This finding correlates 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.

But before tackling all these societal challenges, we noticed that the government first needs to reinvent itself. Many respondents suggested improvements to be made, notably regarding its bureaucratic approaches and administrative procedures that could be made easier, but also regarding allocation of public funds that could be optimised. We also observed that public authorities suffer from the same criticism as private enterprises, as survey takers asked for more transparency from the government. It seems to be a general demand from a population that is prone to doubts and questions the consequences of political, economic and social decisions on their lives.

The keys to build a better future are in our hands, let's start the conversation today.

