

## Lighter tax on real estate gains: sell your property no later than December 31, 2018!

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The favorable tax climate put in place by the Luxembourg government ends on December 31, 2018. Until that date, capital gains on the sale of built or undeveloped land are only taxed at a quarter of the base tax rate (with a maximum of 10.5%).

To benefit from this measure, 2 cumulative conditions must be met: (i) the beneficiary of the gain must be a natural person and (ii) the gain must be realized more than 2 years after the acquisition of the sold property. Also note that the property sold must not be the main residence of its owner but this is not directly related to the derogatory tax system since in Luxembourg the sale of any main residence is in principle exempt from capital gains tax. From the practical point of view, the relevant date will be the date of the notarial deed of sale so that it is now becoming urgent to start negotiating the sale of your property in order to be able to have an appointment with a notary by December 31, 2018 at the latest. Failing that and from January 1, 2019 the maximum tax rate on real estate gains will reach 21% ...

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