



# SOCIONEWS



LAW

## THE NEW TAX ALLOWANCE FOR CONTINUING TO WORK

The law of 19 December 2025 implemented the tax-related aspects of the pension reform. In this context, the law introduced a new tax allowance for continuing to work, which entered into force on 1 January 2026. The purpose of introducing this tax allowance is to encourage insured persons to postpone their take-up early old-age pension.

### 1. BENEFICIARIES OF THE NEW TAX ALLOWANCE

The allowance for continuing to work (*AMVP abattement de maintien dans la vie professionnelle*) is granted upon formal request to any taxpayer who earns income from a professional activity and who meets the conditions for entitlement to an early old-age pension without exercising the corresponding right with the pension institution.

For the purpose of entitlement to the AMVP, any income taxed as employment or self-employment income within the meaning of the tax law is considered. Thus, receiving a salary, monetary sickness benefits, remunerated parental leave, unemployment benefits, or an early retirement

allowance are all considered income from a professional activity that may give entitlement to the AMVP.

The eligibility criterion relating to an early old-age pension, together with the condition of not exercising the related right, refers exclusively to early old-age pensions – which may be granted before the age of 65 – provided for under national legislation. The pensions concerned are listed precisely and exhaustively in the law; these are early old-age pensions from the general scheme, the special scheme, and the transitional special scheme.



## 2. APPLICATION PROCEDURE

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The AMVP is granted upon formal request by the taxpayer. The request must be accompanied by a certificate issued by the competent pension fund – which, for private-sector employees, is the National Pension Insurance Fund (*CNAP Caisse nationale d'assurance pension*) – confirming eligibility for an early old-age pension and the absence of any claim to that right. Such a certificate can be requested from the CNAP via MyGuichet<sup>1</sup>.

The time required to issue such a certificate depends on the insured person's career and the availability of the information necessary to determine this date.

In order for the taxpayer to benefit from this allowance at the time of withholding tax on wages and salaries, they must request a correction of their tax withholding card from their competent RTS office. For this purpose, they must complete form 164<sup>2</sup> by ticking box 322 in the form for resident taxpayers or box 317 in the form for non-resident taxpayers and attach the CNAP certificate mentioned above.

If the tax allowance is not applied through withholding tax, particularly in the absence of the certificate, the request may be submitted as part of a tax return or an annual tax assessment.

## 3. AMOUNT AND PRORATION OF THE ALLOWANCE

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The tax allowance for remaining in professional life is set at €9,000 per year.

This amount is calculated monthly at €750 per month during which the eligibility conditions are met. The law provides that the AMVP may be granted at the earliest from the month following the month in which the conditions for obtaining the early old-age pension are fulfilled. Conversely, the taxpayer will be entitled to the full monthly allowance for the month during which the conditions cease to be met.

According to the authors of the draft law, the monthly allocation of the AMVP is necessary to prevent the full annual allowance from being granted in cases where a professional career is extended only minimally beyond the minimum required to obtain an early old-age pension.

The law does not provide for pro rata calculation of the AMVP in the case of part-time employment. This absence of prorating according to working time is justified by the desire to keep the system "*clear, readable and easy [to apply]*".

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<sup>1</sup> <https://guichet.public.lu/en/citoyens/travail/pension/assurance-pension/certificat-cnape-abatement-fiscal.html>

<sup>2</sup> [https://impotsdirects.public.lu/fr/formulaires/fiches\\_d\\_impot.html](https://impotsdirects.public.lu/fr/formulaires/fiches_d_impot.html)