

Brief survey regarding the travel and accommodation expenses applicable as of February 1st, 2008

The present note covers the fiscal treatment of travel and accommodation expenses incurred in the performance of the duties of employment.

There are two possibilities of reimbursement. One possibility is to cover the expenses upon acknowledgement of the vouchers; the other possibility is to cover the expenses through a lump sum. The granted lump sum must not exceed a certain limit in order to stay tax-free.

This survey develops both possibilities of reimbursement, but also gives a more detailed explanation, the possibilities in force for civil servants.

The government regulation dated January 25th, 2008, determines the new amounts regarding travel and accommodation expenses of employees of the State and civil servants, as provided for in art. 20 (1), 22 and 23 (1) of the grand-ducal regulation dated August 5th, 1993, which will be applicable as of February 1st, 2008.

1. General principles concerning travel and accommodation expenses

1.1 According to Luxembourg tax laws, travel expenses incurred in the performance of the duties of employment may be reimbursed to the employee in two different ways:

(a) The employee of the State, civil servant or private employee draws up a detailed list of expenses and encloses the corresponding vouchers. The employer according to this list then reimburses the expenses.

(b) A lump sum for expenses is reimbursed to the employee of the State or civil servant instead of a reimbursement pursuant to a detailed list of expenses. This lump sum is tax-free, provided that it does not exceed the flat amounts paid to a comparable civil servant. A private employee is entitled to the same lump sums. The amount up to the limit of the lump sum is tax-free, however all the amounts exceeding this are subject to taxes.

The system of a lump sum paid for travel expenses is documented under point 2 to 4.

1.2 The lump sum for expenses has to be in proportion with the actual expenses; the reimbursement of travel expenses cannot be part of the salary.

2. Lump sum reimbursement of the travel expenses for an official journey

2.1 The travel expenses include the proper cost for travel and all related costs (reservation, etc...) as well as the cost for the shipment of the luggage. The following restrictions are to be mentioned:

- Travel by train : first class compartment, also for the ferrying over to the United Kingdom;
- Travel by boat : for all other travels by boat, a lower class. In exceptional cases, a higher class may be authorized;
- Travel by plane : civil servants only have the authorisation to travel first class if there are particular reasons (i.e. accompanying a customer traveling first class).

Guiding principles seem to have become:

- Flights within Europe: Economy class
- Flights outside of Europe: Business class

This rule is likely to be accepted from a fiscal point of view.

2.2 If the employee uses his own car for business trips, the employer may pay him tax-free a kilometer allowance, which has been fixed according to a grand-ducal regulation dated January 18th, 2006 and applicable as from February 1st, 2006 to an amount of € 0.40.

This amount applies independently from the numbers of kilometres in a year or from the cylinder capacity of the car.

The travel expenses abroad cannot exceed the expenses that would have been needed to travel by train, unless the use of a private transportation was authorized prior to the trip due to the service interest or the absence of public transportation connections.

3. Principle concerning the lump sum reimbursement of the accommodation expenses

3.1 Different compensations

If the reimbursement of the expenses is not made pursuant to a detailed list of the expenses, a lump sum

reimbursement is possible.

The lump sum reimbursement of the accommodation expenses includes a day compensation (per diem) and a night compensation.

3.2 Per Diem

If the employee stays abroad for the whole day (from 0 a.m. to 12 p.m. - 24 hours), a lump sum compensation may be paid by the employer. This compensation covers in principle all expenses related to the stay abroad, travel expenses included.

The following expenses are not included in the before mentioned lump sum and may be reimbursed upon presentation of the corresponding vouchers:

- (a) telephone and other related expenses;
- (b) exceptional but documented expenses that the employee had to incur upon special instructions or that occurred to him for business reasons and entail that the lump sum will not be sufficient.

Receipts have to be joined to the request for reimbursement, except if it is not possible.

No receipts will be required for the granting of the lump sum for the day compensation (per diem). This compensation will be granted at the rate of 50 % for each main-meal if the employee is abroad during the mealtime periods between 12 a.m. and 2 p.m. and/or between 6 p.m. and 8 p.m.

For the calculation on the day compensation, the real period of the official journey will be extended by a global time in order to accommodate the running time between the railway-station or airport and the residence or working place of the employee. This global time is fixed as follows:

- (a) travel by train, half an hour
- (b) travel by plane, one hour

for the way there and back.

3.3 Night compensation

On presentation of the supporting documents, the night compensation covers hotel costs including breakfast, service and related taxes.

The compensation may consist in the reimbursement of real expenses or of a lump sum. For tax reasons the supporting documents have to be submitted to the employer in both cases. In absence of such documents, a lump sum compensation representing 20 % of the night compensation will be paid.

4. Reimbursement of accommodation expenses abroad

The principles concerning the accommodation expenses outside of Luxembourg are the same as for the accommodation expenses in Luxembourg, except that the tax-free flat amounts may vary from one country to another.

4.1 The following day and night compensations are applicable as of February 1st, 2008:

Country	Compensation for Day	Compensation for Night
Albania	18	70
<i>Tirana</i>	41	140
Austria	50	180
Belgium	50	145
<i>Brussels</i>	50	200
Bosnia-Herzegovina	40	90
<i>Sarajevo</i>	70	160
Bulgaria	50	180
Canada	60	180
China	60	180
<i>Beijing</i>	80	240
<i>Canton</i>	70	230
<i>Hong Kong</i>	80	280
<i>Shanghai</i>	70	240

Croatia	41	100
<i>Zagreb/Split</i>	70	160
Cyprus	80	200
Czech Republic	40	120
<i>Prague</i>	60	200
Denmark	70	180
<i>Copenhagen</i>	90	220
Estonia	33	85
<i>Tallin</i>	55	160
Finland	80	220
France	60	160
<i>Paris</i>	60	220/250*
<i>Strasbourg</i>	60	220/250*
Germany	50	180
Greece	50	130
<i>Athens/Thessaloniki</i>	50	170
Hungary	50	120
<i>Budapest</i>	60	200
India	60	200
<i>New-Delhi</i>		250
Ireland	65	160
<i>Dublin</i>	70	200
Italy	65	180
<i>Roma</i>	70	200
Japan	100	220
<i>Tokyo</i>	100	250
Latvia	30	85
<i>Riga</i>	35	160
Lithuania	45	85
<i>Vilnius</i>	55	160
Netherlands	65	180
<i>The Hague</i>	65	190
Norway	80	220
Poland	45	140
<i>Warsaw</i>	60	200
Portugal	52	150
<i>Lisbon</i>	52	180
Rumania	40	120
<i>Bucharest</i>	65	200
Russia	40	95
<i>Moscow</i>	90	280
<i>St. Petersburg</i>	80	200
Singapore	80	220
Slovakia	30	120
<i>Bratislava</i>	60	180
Slovenia	40	120

<i>Ljubljana</i>	60	180/220**
Spain	60	175
<i>Madrid</i>	60	200
Sweden	80	220
Switzerland	75	220
Thailand	60	150
<i>Bangkok</i>	80	240
Turkey	40	120
<i>Ankara/Istanbul/Izmir</i>	50	200
Ukraine	50	120
<i>Kiev</i>	60	220
USA	80	180
<i>New York</i>	100	250
<i>Washington/San Francisco</i>	85	210
United Kingdom	70	180
<i>London</i>	90	230

() Amount applicable as of January 1st , of July 1st, 2008, to December 31st, 2008

(*) Amount applicable as of February 1st, 2008 to June 30th, 2008.

4.2 For countries not listed before, the following day and night compensations are applicable:

	Compensation for	Compensation for
	Day	Night
For all other countries:		
as of January 1st, 2002	60	144
as of July 1st, 2002	60	250
as of January 12th, 2004	80	200
as of January 1st, 2006	80	200
as of January 1st, 2007	80	200
as of February 1st, 2008	80	200

4.3 In case the stay abroad exceeds six weeks, the civil servant's accommodation compensation will be fixed at a lump sum by the competent authority upon presentation of the corresponding receipts. Concerning the private sector, it is up to the employer to fix the accommodation compensation at a lump sum. Concerning the day compensation, it will be sufficient to support the expenses by documents of at least seven days running. In absence of supporting documents, the compensation is fixed at 75 % of the above-mentioned amount.

4.4 The indicated day compensation will be increased by 20 % as initial compensation for the first day.

The aforesaid compensation may only be exceeded in extraordinary situations (necessity or official purposes), which have to be justified, and for which evidence of expenses (receipts) has to be submitted. The reimbursement will be made if the additional expenses are sufficiently supported in a cost sheet joined to the reimbursement request. The exceptional costs, which normally are not covered by the compensations, will be reimbursed separately. An excess will normally only be reimbursed if it concerns the night compensation, except for extraordinary circumstances.

Trips abroad within a radius of 25 km of Luxembourg's border will be compared to travels inside of Luxembourg. Nevertheless, if the lump sum compensation valid in Luxembourg is not sufficient, a reimbursement of the excess will be made pursuant to the above mentioned regulations.

5. Day and night compensation in case of secondment to Luxembourg for temporary service as of February 1st, 2008.

Compensation for	Compensation for
Day	Night
60	170

6. Day and night compensations in case of travelling inside Luxembourg

The following day and night compensations are applicable for traveling inside Luxembourg on the occasion of an official journey (amounts in €):

Compensation for	Compensation for
Day	Night
14	56

In case the official journey is made during the normal working hours and if no meal was taken, a day compensation will not be paid.

If the official journey was made on the territory of the commune of the official residence or within a radius of 3 km from the center of this residence, a day compensation will not be paid.

The government regulation dated December 23rd, 2005, which fixed the compensation amounts provided for by art. 20 (1), 22 and 23 (1) grand-ducal regulation dated August 5th, 1993 concerning travel and accommodation expenses as well as moving expenses for civil servants and State employees, is not applicable anymore.