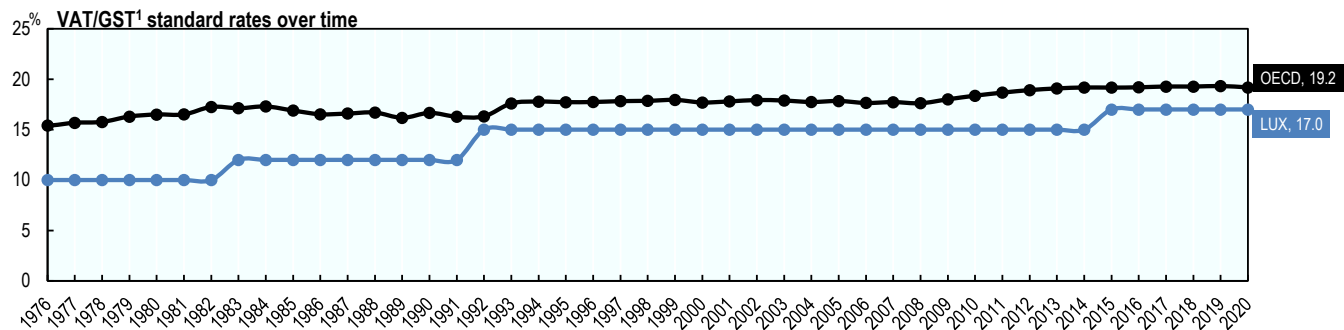
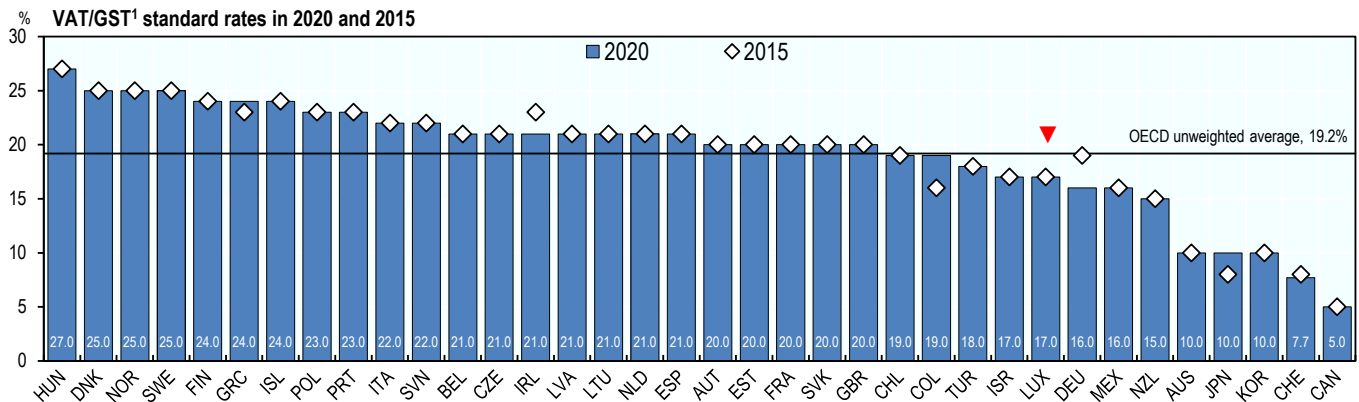


## Consumption Tax Trends\* - Luxembourg

### VAT rate 2020

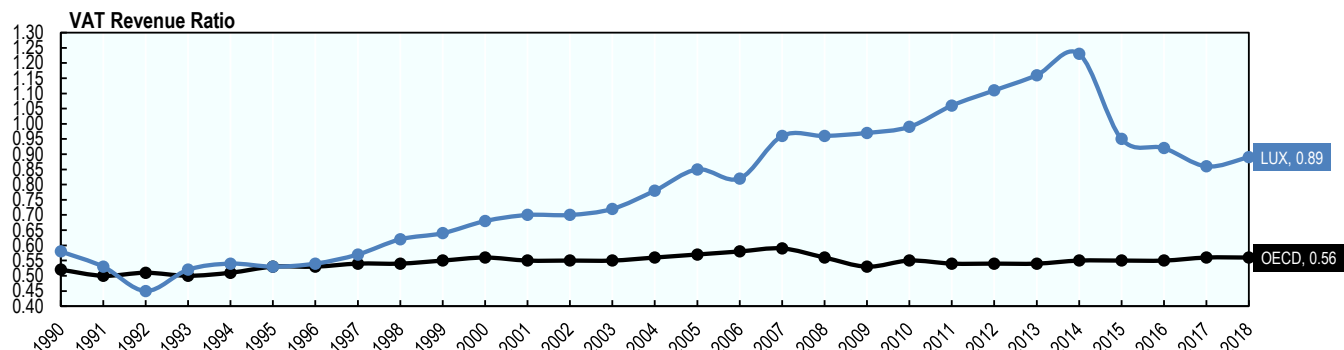
Luxembourg's standard VAT rate is 17.0%, which is below the OECD average. The average VAT/GST<sup>1</sup> standard rate in the OECD was 19.2% as of 31 December 2020. The previous standard VAT rate in Luxembourg was 15% in 2014. It changed to the current level in 2015. Luxembourg applies reduced VAT rates of 3%, 8% and 14% to a number of goods and services. Specific reduced VAT rates apply in the context of the Covid-19 pandemic. VAT was introduced in Luxembourg in 1970 at a standard rate of 8.0%. Since then the minimum and maximum standard rates have been at 10.0% and 17.0% respectively.



1. VAT/GST refers to value added tax/goods and services tax  
 Source: OECD Tax Database 1st January 2020

### VAT Revenue Ratio

The VAT Revenue Ratio (VRR) for Luxembourg was 0.89 in 2018, above the OECD average of 0.56. The VRR is a measure of the revenue raising performance of a VAT system. A ratio of 1 would reflect a VAT system that applies a single VAT rate to a comprehensive base of all expenditure on goods and services consumed in an economy - with perfect enforcement of the tax. Luxembourg's VRR decreased from 0.92 in 2016 to 0.89 in 2018. The lowest VRR was recorded in the year 1992 at 0.45 and the highest level in 2014 at 1.23.



The figures may not present the difference to the second decimal point accurately due to rounding

\* Information presented on this page is only a summary of more detailed information available in the Tax Database and Consumption Tax Trends publication

Source: OECD Consumption Tax Trends 2020; [oe.cd/vatgst-trends](http://oe.cd/vatgst-trends); OECD Tax Database [oe.cd/tax-database](http://oe.cd/tax-database)



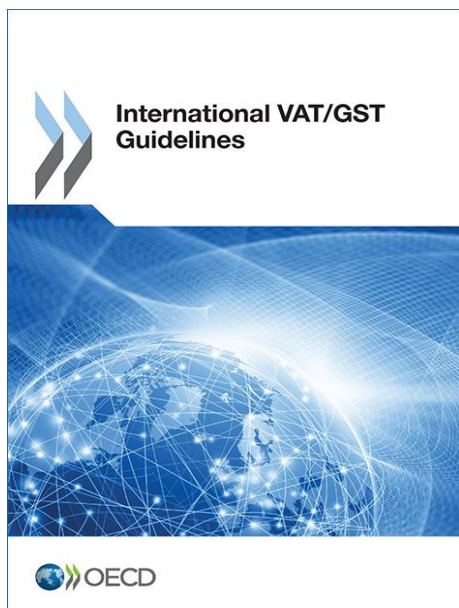
## Consumption Tax Trends 2020

*VAT/GST and Excise Rates, Trends and Policy Issues*

[oe.cd/vatgst-trends](http://oe.cd/vatgst-trends)

Consumption Tax Trends provides information on Value Added Tax/Goods and Services Tax (VAT/GST) and excise duty rates in OECD member countries.

It also contains information about international aspects of VAT/GST developments and the efficiency of this tax. It describes a range of other consumption taxation provisions on tobacco, alcoholic beverages and motor vehicles.



## International VAT/GST Guidelines

[oe.cd/international-vat-gst-guidelines](http://oe.cd/international-vat-gst-guidelines)

The International VAT/GST Guidelines present a set of internationally agreed standards and recommended approaches to address the issues that arise from the uncoordinated application of national VAT systems in the context of international trade.

They focus in particular on trade in services and intangibles, which poses increasingly important challenges for the design and operation of VAT systems worldwide.

They notably include the recommended principles and mechanisms to address the challenges for the collection of VAT on cross-border sales of digital products that had been identified in the context of the OECD/G20 Project on Base and Erosion and Profit Shifting (the BEPS Project).

Source: OECD Consumption Tax Trends 2020 <http://www.oecd.org/tax/consumption-tax-trends-19990979.htm>

### Contacts

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