

## A new tripartite agreement that strengthens purchasing power and guarantees the index



In March 2022, the OGBL refused to sign a tripartite agreement that manipulated the index by providing for a delay of at least 12 months between two index tranches and that did not envisage anything to combat the explosion of prices.

After months of lobbying, the OGBL finally obtained a new tripartite agreement in September 2022, which provided for the restoration of the normal index system and the introduction of anti-inflation measures, in particular for energy prices.

The new tripartite agreement, reached at the end of the day on 3 March and signed on 7 March 2023, consolidates the September agreement and even strengthens it on several points.

### Energy index and price cap

- › The agreement guarantees the normal index system until the end of 2024. No manipulation and no new tranche deferrals are planned. Given the continuing employers' attacks on the index previously to the tripartite meeting, this is a further success for the consistent action of the OGBL in its defence of the index.
- › The compensation for employers for the possible indexation tranche announced for the fourth quarter of 2023 - provided for in the September agreement - will be made through the Employers' Mutuality and will end in January 2024. This avoids a logic of permanent state subsidy of wage increases. It should be noted that employees and pensioners will receive the full amount of this instalment when it becomes due.
- › The measures to cap energy prices (electricity, gas, fuel oil, pellets, etc.) will be extended until December 31, 2024. This is an important measure to avoid a new inflationary shock in 2024. This measure provides security for consumers, who will not experience significant increases in their energy bills.

### A first step towards more tax justice

At the insistence of the unions, the issue of adjusting the tax scale was finally put on the tripartite agenda at the last minute, despite the opposition of the employers.

Moreover, the tripartite negotiations have led to a first adjustment of the scale, which will be made in two stages:

- › In 2023, taxpayers will receive a tax credit equivalent to the impact of two index tranches on their personal taxation. This credit will be applied upon passage of the tripartite law, retroactive to January 1, 2023.
- › As of January 1, 2024, the tax schedule will be increased by 6.37%, the equivalent of 2.5 index tranches.

This is an important first step towards ending the phenomenon of cold progression. However, the OGBL maintains its demand for an adjustment that takes into account all the increases applied since 2017 as well as the reintroduction of an automatic inflation adjustment mechanism for the tax scale. These elements will have to be the subject of a comprehensive tax reform, the primary objective of which should be more tax justice.

### **Measures for housing and the climate**

In addition to the two main points relating to the index and tax scale, the tripartite also adopted a series of more specific measures, including additional aid in the context of the housing crisis, but also the ecological transition. To name but a few:

- › the tax credit on notarial deeds when purchasing a home ("bëllegen Akt") is increased from 20,000 euros to 30,000 euros
- › in the context of a sharp rise in interest rates, the ceiling for the deduction of mortgage interest is increased by 50%
- › the tax exemption for private individuals for energy generated by photovoltaic panels is increased
- › the compensation for the CO<sub>2</sub> tax is extended in the form of a new permanent tax credit
- › the state continues to pay for the additional energy costs to limit increases in nursing home fees
- › the equivalent of a tax credit of 84€ will be paid to recipients of REVIS and the severely disabled person's benefit (RPGH) until 31 December 2024

**For the OGBL, the new tripartite agreement strengthens the purchasing power of households, without negatively impacting employees and pensioners. Attacks on the index have once again been repelled. The OGBL can therefore support the new tripartite agreement, which would certainly not have been possible without its continuous commitment to the purchasing power of the people, the defence of the index and the adjustment of the tax scale to inflation.**