

# NEWSLETTER

## POSSIBILITY OF DEFERRING UNTIL 30 JUNE 2025 THE TAXATION OF CAPITAL GAINS ON PRIVATE REAL ESTATE REALISED IN 2024:

### General rule

Capital gains realised by an individual on the sale of real estate held as private assets for more than two years (excluding professional or agricultural/forestry use) are taxable in the year of sale, regardless of the date of payment.

### Exemption introduced by article 102quater L.I.R.

For the 2024 tax year (and now extended to **June 30, 2025**), article 102quater L.I.R. introduces **the possibility of deferring taxation**, provided that the proceeds of the sale are reinvested in one or more **replacement properties** meeting certain criteria.

### Which properties are eligible for reinvestment?

Capital gains can be transferred on:

- **new buildings** located in Luxembourg, used for **social rental management** purposes, in accordance with article 49 of the law of August 7, 2023 on affordable housing;
- **new residential buildings** located in Luxembourg achieving A+ levels in terms of energy performance, thermal insulation and environmental performance (in accordance with the amended law of August 5, 1993 on the rational use of energy) and **not used as a principal residence**.



### ✦ Important:

- The amount reinvested must be equal to the proceeds from the sale of the original property, otherwise the non-invested portion will be taxable in the year in which the capital gain is realised.
- The capital gain transferred or reinvested on the purchased property reduces the purchase or cost price of the property by the same amount.
- The portion of the capital gain transferred to the property may not exceed 50% of the total capital gain.
- An amount at least equal to the capital gain must be reinvested in equity.
- The transfer to the replacement property(ies) must take place no later than the 2026 tax year. Possibility of a two-year extension if the replacement property is under construction (application to be made).

### Practical modalities: Application required.

The transfer of the capital gain is only possible **at the express request of the taxpayer**, to be submitted with the tax return for the year of the sale.

This request must:

- be addressed to the relevant tax office,
- specify the **amount of the capital gain to be transferred**.