

Publikation

NEW LAW ON THE CO-FINANCING OF PROFESSIONAL TRAINING

A law of [August 29, 2017](#) brings some changes to the system of state aid that companies can solicit for the financing of the expenses related to the continuous professional training of their employees.

The current applications for the 2017 financial year (introduction deadline: May 31, 2018) are still to be filled under the old regime.

The new articles L. 542-1. and following of the Labour Code will apply, for the first time, to co-financing applications for the 2018 financial year (introductory deadline: 31 May 2019). However, it is already now important to take into account the impact of these changes on training budgets for 2018.

AMOUNT OF COFINANCING

Abolition of the tax credit

The option available to companies between a financial grant and an income tax credit ("*bonification d'impôt*") is removed by the new law.

This option can therefore only be used anymore in the context of the requests for the 2017 financial year.

From the 2018 financial year onwards, only direct financial aid will be maintained as a means of co-financing training.

Reduction of the co-financing rate

The co-financing rate is reduced from 20% to 15% of the training investment made during the operating year.

Capping of the training investment according to the size of the company

- 20% of headcount ("*masse salariale*") for companies with 1-9 employees;
- 3% of headcount ("*masse salariale*") for companies with 10-249 employees;
- 2% of headcount ("*masse salariale*") for companies with more than 249 employees.

The headcount is made on 31 December of the year preceding the year for



which co-financing is requested.

Maintaining the rate for employees benefiting from particular co-financing

The financial contribution to the salary cost is, however, maintained at 35% if the training is aimed at employees who, at the start of the implementation of the training plan, either:

- do not have a diploma recognized by public authorities and a seniority <10 years;
- have passed the age of 45.

TRAINING ELIGIBLE FOR COFINANCING

Organizational schemes of training eligible for co-financing

- **External training** is training by a training organization or an external trainer.
- **In-house training** is a structured training provided by an employee of the company to at least two other employees of the company.
- A **workplace adaptation training** is an internal training provided by an employee of the company to another employee of the company (e.g. new hiring, transfer, adaptation).
- An „**e-learning** „ **type of training** is training that uses information and communication technologies.

Beneficiaries of the training

Are eligible trainings for the benefit of employees affiliated to the Luxembourg social security system and bound by an employment contract to a company legally established in Luxemburg and exercising their activity principally there.

The training of subcontractors and CEOs (*“chefs d’entreprise”*) is no longer covered by the new legislation.

Non-eligibility of the expenses related to the various compulsory trainings

The new law excludes from the scope of financial aid, continuous trainings which are a mandatory requirement laid down by law for the exercise of a regulated profession.

This exclusion is motivated by an obligation to comply with the provisions of a European regulation on subsidizing vocational training.

Training that is not mandatory under a legal or regulatory provision but that is an internal requirement within the company or that the collective agreement qualifies as mandatory, continues to be subsidized.

At present, no detailed list exists of compulsory trainings which are excluded from co-financing. The authorities have announced that details will follow. You will be informed once a text has been made available.

Reduced duration of workplace adaptation training

The duration of the eligible workplace adaptation training is reduced from 173 hours to 80 hours per participant per year.

50% of these hours are eligible for external trainers.



Limitation of eligibility to workplace adjustment costs for certain categories of employees

In addition, only adaptation training for unskilled employees and employees whose diploma is not related to the activity is eligible.

They can then benefit, according to their situation, of a co-financing of salary expenses of 15% or 35%.

COSTS ELIGIBLE FOR COFINANCING

Certain costs are no longer eligible for co-financing

- office or training room rental fees;
- educational or didactic material;
- setting up of the training plan;
- follow-up and monitoring of the implementation;
- financial contributions paid to training organizations (except those provided for by collective or inter-professional agreement, such as the contribution for the construction sector training institute IFSB which is provided for by collective agreement);
- consultant fees (only remains eligible the cost of the company auditor in charge of examining the financial statement of the co-financing application).

Lump sum aid of 500 euros per co-financing application

A lump sum contribution of 500 euros replaces the contribution to the administrative costs of setting up the file that so far has been calculated on the basis of a percentage of the company's training investment.

The file preparation aid is acquired if at least one hour of training has been organized. Only one aid is provided per group of companies.

Summary of costs eligible for co-financing

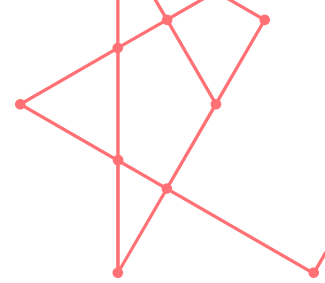
- registration fees for training participants;
- catering and accommodation costs;
- travel expenses of participants and internal trainers;
- salary cost of internal trainers;
- cost of training providers and external training organizations;
- wage cost of participants calculated on the basis of an average hourly wage resulting from the amount entered on the certificate giving the payroll issued by the Joint Social Security Center (the remuneration certificate is no longer taken into account);
- cost of the auditor for the examination of the financial statement;
- training management software fees.

CO-FINANCING APPLICATION PROCEDURE

Content of the co-financing application

The application must provide the following information:

- titles of the completed trainings;
- dates, duration and places of training sessions;
- amount of people trained, with their gender and qualifications;
- identity of internal trainers and external training organizations or training providers;
- opinion of the staff delegation or the joint works council, if any;



- organisation mode of the trainings (external training, internal or „e-learning“);
- financial statement, with supporting documents or certified true by a company auditor;
- evaluation note of the staff delegation or joint works council, if any.

Introduction of a single application document

The benefit of the financial assistance is conditioned by the introduction of an application for co-financing.

Only applications for the 2017 financial year will still be carried out with the various documents depending on the amount of the investment (application for approval and final report in case of investment > 75,000 euros; training report in case of investment ≤ 75,000 euros). Subsequently, only one co-financing application document will exist.

The period of 5 months after the end of the operating year to submit the application has been maintained.

A company may submit a co-financing application on its own behalf or for all the companies in its group. The corresponding forms and an explanatory note can be downloaded from the www.infpc.lu or www.lifelong-learning.lu websites. Please note that the currently available supports still refer to the applications for the 2017 fiscal year (introductory deadline: May 31, 2018).

For any practical questions regarding the preparation of co-financing applications, you can contact the *Institut national pour le développement de la formation professionnelle continue* (INFPC) which is in charge of business consulting and the examination of their requests for co-financing.

Do not hesitate to contact your advisers [Philippe Heck](#) or [Ella Gredie](#).

Luxembourg, 5 February 2018