

27 Luxembourg

This country profile highlights current inclusive entrepreneurship policy issues and recent developments in Luxembourg. It also presents self-employment and entrepreneurship data for women, youth, seniors and immigrants relative to the average for the European Union and reports on entrepreneurship conditions.

Conditions for inclusive entrepreneurship

The overall entrepreneurship conditions are similar to most of the European Union (EU) Member States. The business environment is characterised by low complexity procedures and low costs for enforcing contracts, yet administrative burden ranks slightly below average due partly to long bankruptcy procedures and notable barriers to entry in the service and network sectors. Policies are in place to address the regulatory environment, including a new simplified limited liability company form to facilitate business creation – *la société à responsabilité limitée* ("S.à r.l.-S") ["1-1-1 company" (1 person, 1 euro, in 1 day)].

Recent trends

Between 2016 and 2020, women, youth (18-30 years old) and seniors (50-64 years old) were more involved in early-stage entrepreneurship than on average in the EU. Moreover, many expect to create jobs in the next 5 years, especially youth (15%) and seniors (12%). Despite these positive findings, many population groups remain under-represented in entrepreneurship. If all groups engaged in early-stage entrepreneurship at the same rate as core-age men, there would be an additional 9 500 entrepreneurs. Virtually all of these "missing" entrepreneurs are female, around two-thirds are over 50 years old.

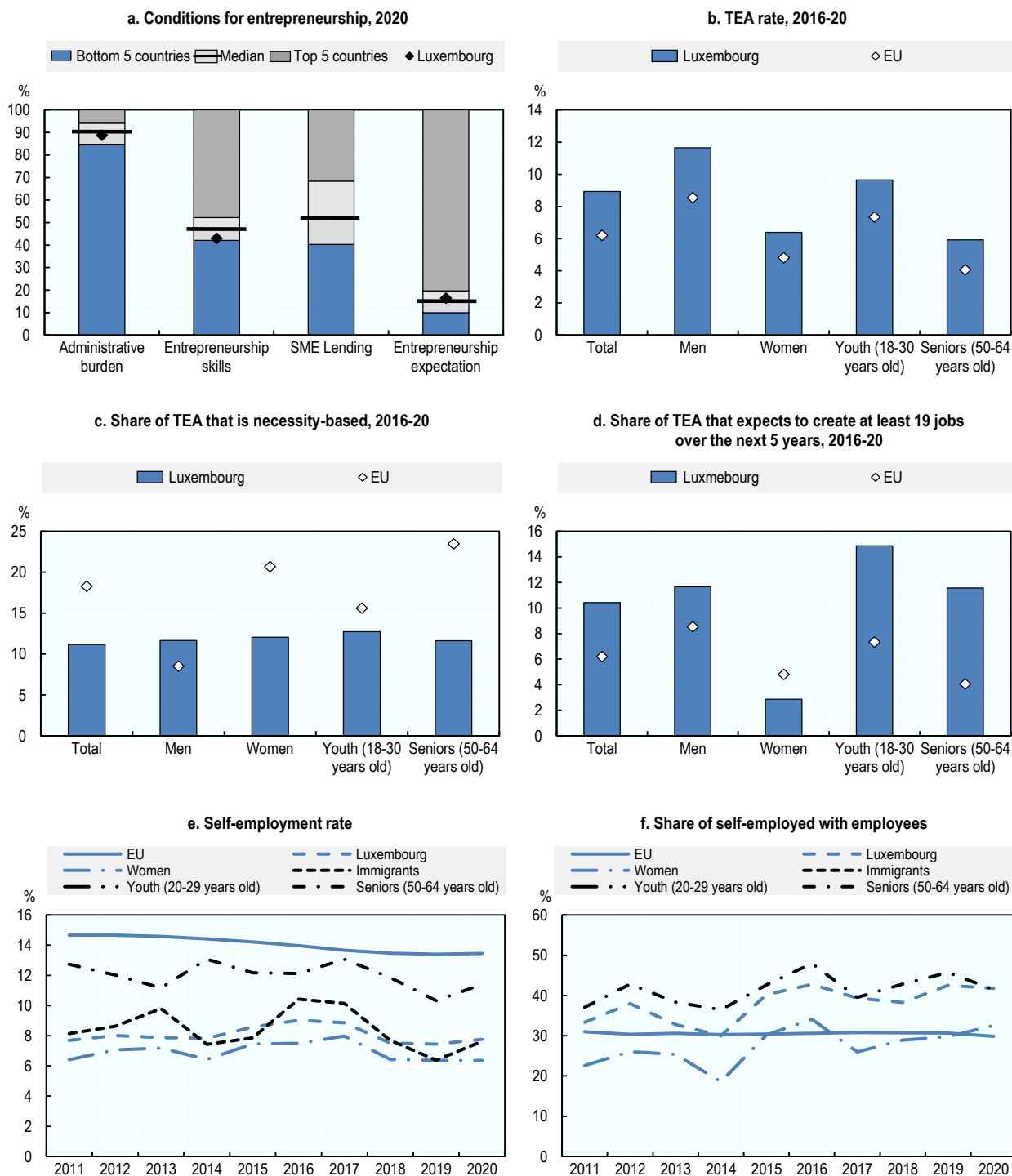
Over the last decade, workers were almost half as likely to be self-employed compared to the EU average (6% vs. 14%), yet self-employed workers were significantly more likely to employ others (42% vs. 30%). Among the self-employed, women (33%) and seniors (42%) were especially likely to have employees.

Hot policy issue

In response to the COVID-19 crisis, specific measures were introduced to support start-ups, micro enterprises and the self-employed among others, including tolerance for social security contributions and deferment of taxation requirements as well as amendments of taxation for cross-border commuters to facilitate teleworking and e-commerce. As of July 2020, EUR 82.4 million in government grants had been paid to the self-employed and SMEs. The Directorate for SMEs also provided loans of up to EUR 500 000 to impacted businesses. By July 2020, 820 loan applications had been approved (EUR 43.7 million in total). Additionally, the self-employed employing less than 10 workers could receive one-time support grants of EUR 2 500, while impacted micro enterprises could also benefit from a one-time non-repayable EUR 5 000 grant. As of 19 October 2020, 2 547 self-employed workers received the allowance (EUR 6.4 million in total) and 6 204 micro enterprises received grants (EUR 31 million in total). Additional measures were introduced to support young start-ups.

Inclusive entrepreneurship indicators

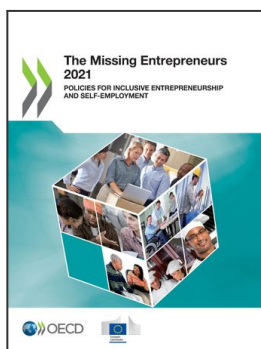
Figure 27.1. Entrepreneurship and self-employment in Luxembourg



Note: The EU average in panels b-d excludes Belgium, Czech Republic, Denmark, Lithuania, Malta and Romania. Please see Chapter 9 for notes on the figures.

Source: Panel a: (World Bank, 2020^[1]; Global Entrepreneurship Monitor (GEM), 2021^[2]; OECD, forthcoming^[3]); Panels b-d: (Global Entrepreneurship Monitor (GEM), 2021^[2]); Panels e-f: (Eurostat, 2021^[4]). Please see Chapter 9 for the full citations.

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