



White paper

Structural inequalities affecting self-employed professionals in Luxembourg

1 May 2026

CONTEXT

1 May is Labour Day, a day dedicated to workers and to defending their rights. In this context, the Union des Indépendants emphasises that the working conditions of self-employed workers no longer reflect today's economic reality, nor the level of their contribution to the economy, and even less the level of their social security contributions (around 25% of their income).

In Luxembourg, around 29,963 people are self-employed. They create value, provide essential services and contribute to the economic vitality of the country. Yet, despite this contribution, they still face structural inequalities in social protection, taxation, access to markets and access to public support schemes.

The Union des Indépendants wants to highlight that the promise of equal treatment between employees and non-employees remains unfulfilled. Although all are legally categorised as “employers” and treated as a homogeneous group, self-employed workers in reality form a **highly heterogeneous group**. The most vulnerable are those who operate without a company structure and without employees – micro-entrepreneurs who represent a majority of the self-employed workforce in Luxembourg.

On Labour Day, this white paper highlights ten major inequalities that still affect self-employed workers in Luxembourg and makes a simple demand: **real equal treatment for all people who work and pay contributions**.

An entrepreneurship crisis nobody wants to acknowledge

In February 2026, the Global Entrepreneurship Monitor published its latest report. The figures for Luxembourg are worrying. Just under 10% of adults are in the process of

starting or running a new business, but **less than 4%** are leading an established business.

More than half will never reach a stable situation.

The report also shows that Luxembourg is falling in the international ranking of the quality of its entrepreneurial environment. The country's score on the National Entrepreneurial Context Index dropped from **5.0 to 4.4 out of 10** between 2022 and 2026, taking Luxembourg from 20th to 30th place out of 53 economies. Only **3 out of 13 framework conditions** reach a level considered sufficient; the other 10 are insufficient, in particular entrepreneurial education, entrepreneurial finance, ease of access to finance, social and cultural norms, and market entry dynamics, where Luxembourg ranks **53rd out of 53** economies.

On paper, Luxembourg is a “top ecosystem” with many programmes. In practice, micro-enterprises and self-employed workers find that these programmes all too often remain formal only: access to real, usable financing within timelines compatible with business reality remains difficult.

The 2025–2026 GEM report also shows that around **one third of new entrepreneurs in Luxembourg start a business out of necessity**, due to a lack of adequate salaried options. The country is thus identified as an atypical case among high-income economies: Luxembourg presents itself as a “land of opportunities”, yet the share of necessity-driven entrepreneurship is higher than would be expected given its GDP level. For many self-employed workers, entrepreneurship is not a comfortable lifestyle choice but the only available way to earn a living.

10 MAJOR INEQUALITIES

1. Disproportionate social contributions without equivalent coverage

The heart of the problem: paying double, protected like none

Self-employed workers bear **alone** the full cost of their social security contributions for sickness, pension, accident and long-term care insurance. In practical terms, they pay:

- both the employee's share **and** the employer's share;
- approximately **25% of their income** in contributions;
- without in return benefiting from protection equivalent to that of employees.

Comparison with employees

An employee earning €4,000 gross has an employer who also contributes to their social protection. A self-employed person earning €4,000 net must pay the equivalent of both shares (25%) out of their own income while still having to cover their business

expenses and receiving no sickness coverage for 77 days unless they take an additional coverage.

Minimum contribution base: a disproportionate burden

The contribution base for self-employed workers cannot be lower than the **monthly minimum social wage**, except where they also have salaried employment, in which case the minimum is reduced to one third of the minimum social wage.

This creates a mismatch between real income and contribution levels. In some cases, contributions can represent up to 48% of actual income, particularly during startup or low-activity periods.

In concrete terms, a self-employed person pays alone what an employee and an employer pay together but without obtaining the same level of protection in return. For many, this means working more, taking more risks and being less protected than an employee.

2. A 77-day waiting period in case of illness with no income protection

When an employee falls ill, their income is maintained from day one by the employer, and then the CNS (national health fund) takes over after 77 days.

For a self-employed person, the CNS only starts paying sickness cash benefits after a waiting period that ends at the end of the month in which the 77th day of incapacity falls.

This means that a self-employed person can spend **almost 3 months without any replacement income**, even though they must continue to pay contributions.

In other words, an employee is protected from day one, while a self-employed person may go nearly three months without any replacement income while still paying contributions.

This situation is a **clear breach of equality** between two categories of contributors.

3. An obligation to self-insure for a risk already funded

To cover the 77-day waiting period, self-employed workers can voluntarily join the **Mutualité des employeurs**, whereas employers are obliged to join it for their employees.

This means that the self-employed must pay **additional** protection to benefit from income continuity during a period that is automatically covered for employees.

The self-employed pay all contributions by themselves and must pay an extra contribution to obtain what employees receive automatically.

4. No protection in cases of force majeure

Unlike employees, who benefit from **short-time work schemes** (benefits equivalent to 80–100% of the annual salary declared the previous year), self-employed workers have **no replacement income** in cases of force majeure.

Impact of the 2020–2021 crisis

While employees were protected by short-time work schemes, self-employed workers had to absorb the full impact of the loss of activity.

Currently there is still no equivalent mechanism for the self-employed in the event of health, economic or natural crises.

5. Unrecognised heterogeneity: the most vulnerable without tailored support and excluded from modernisation and training schemes

The administrative paradox

Although all self-employed workers are categorised as “employers” and treated administratively as a homogeneous group, they in fact form a **highly heterogeneous** population:

- self-employed **with a company structure**, with or without employees;
- self-employed **without a company structure**, with or without employees (often referred to as freelancers or liberal professions).

The system treats all self-employed workers as if they were large businesses, whereas many are one-person micro-enterprises, often without financial reserves. These are the most exposed and the least protected.

The most vulnerable are the self-employed without a company structure and without employees, who represent the majority of self-employed workers in Luxembourg.

Fragmented and sector-specific support

Public support exists but in a **fragmented and sector-specific** way:

- **Ministry of Culture**: support for intermittent workers in the arts;
- **Ministry of Agriculture**: support for farmers;
- **Other sectors**: little or no support.

Since 2023, the Ministry of the Economy (which now includes SMEs) has managed support programmes for digital transformation and modernisation. **However, many sectors of activity are excluded.**

Examples of exclusion

- An **independent web designer** without a company structure cannot take part in public tenders.
- A self-employed person managing a **lifelong vocational training company** receives no specific support from any ministry and **cannot access Fit4Digital or other support programmes**, even though digitalising their services would improve their competitiveness and sustainability.
- A **freelance trainer** must canvass clients with no safety net.

6. No tax deduction for training outside the current field of activity

At present, self-employed workers can only deduct professional training costs if they are **directly linked to their current field of activity**. Language courses, for example, are not considered professional training.

Current rules implicitly assume that all self-employed workers already master Luxembourg's working languages, an assumption increasingly disconnected from a population where two thirds were born abroad.

The reality in 2026

- **Two thirds of Luxembourg's population was born abroad;**
- language skills can no longer be taken for granted;
- self-employed workers need to develop their skills in order to remain competitive and diversify.

No support for career change for self-employed workers whose field is being replaced by AI

A self-employed worker wishing to change profession has **no access** to retraining schemes equivalent to those offered to employees, unless they go bankrupt or completely stop their professional activity in order to receive support from ADEM. Why this difference?

In practice, this means skills are frozen due to a lack of training opportunities and that medium- and long-term economic vulnerability increases.

7. Recurrent exclusion from tax justice measures

Self-employed workers are regularly excluded from tax justice measures reserved for employees:

- **profit-sharing bonuses** (for employees only);

- **young worker bonuses** (for employees only);
- **housing/rent bonuses** (for employees only);
- and other social redistribution measures.

Self-employed workers pay contributions and taxes but are excluded from redistribution instruments designed in the name of “social justice”.

8. More than 60% of unemployment benefit claims filed by self-employed workers were refused in 2024

This means that a self-employed person who stops their activity due to a lack of income or business failure is **twice as likely to be refused than accepted**, despite having paid social contributions of 25% of their income for several years.

9. Disproportionate exposure to non-payment and income insecurity

Surveys among members of the Union show that the main challenges are:

- chronic income insecurity;
- late payments from clients;
- periods with no assignments or no clients.

No safety net: the self-employed bear alone:

- market risk;
- commercial risk;
- social risk.

10. An entrepreneurial environment unfavourable to small structures

The GEM Luxembourg 2025/2026 report shows that:

- early-stage entrepreneurial activity has risen to **9.9%**;
- entrepreneurial intentions have reached **20.8%**;
- **BUT** growth expectations are weaker and structural fragilities persist.

The gap between theory and practice

Programmes exist “on paper”, but real access to finance, markets and opportunities remains difficult for micro-enterprises and self-employed workers without a formal support structure.

These figures confirm what many of our members experience on a daily basis: it is possible to create a business – the administrative procedures are there – but surviving the first years remains an obstacle course. Many businesses never make it to a stable stage.

On paper, Luxembourg is a country that encourages entrepreneurship. In practice, small structures and self-employed workers still struggle to access funding, support schemes and public markets on fair terms.

PRIORITY DEMANDS

On the occasion of 1 May 2026, the Union des Indépendants is calling for the launch of a **serious political process** on equal treatment. Immediate priorities are:

1. **Reduce** the 77-day waiting period to 8 days for self-employed workers.
2. **Guarantee income continuity** in case of illness, without the need to take out extra voluntary coverage.
3. **Review minimum contribution mechanisms** so as not to weaken low incomes.
4. **Create an income-replacement system in cases of force majeure** (at least 80% of the annual income declared), equivalent to short-time work schemes for employees.
5. **Acknowledge the heterogeneity** of self-employed workers and tailor support to the most vulnerable, based on revenues rather than sectors of activity.
6. **Open tax justice measures** to self-employed workers on an equal basis as employees.
7. **Review conditions of access to unemployment benefits** to reflect the reality of self-employment cessation and administrative deadlines.
8. **Allow tax deductibility** of lifelong professional training outside the current field of activity, in particular language courses and reskilling programmes, for all self-employed workers, regardless of their country of origin or prior background.
9. **Open up access** to programmes such as Fit4Digital to all professional sectors, including education and services, with clear entry **pathways** to public procurement for self-employed workers without a company structure, or create distinct participation categories in tenders.
10. **Systematically include self-employed workers** in the assessment of social, tax and economic policies, instead of treating them as a secondary category within a system designed for salaried workers.

CONCLUSION

Self-employment is neither marginal nor incidental. It is part of the present and the future of the Luxembourg labour market. The 29,383 self-employed workers in the Grand Duchy are not an exception; they are a central economic reality.

It is also necessary to recognise a structural reality: the entire social security system was originally designed for employees. Self-employed workers were added later, as a secondary category, without the rules being rethought for the reality of their work. The current rules make sense for an employee, but much less so for someone who bears alone all the risks of their activity.

The economy is changing. AI, automation, restructuring, more people becoming independent, by choice or necessity. If we want a resilient, inclusive, sustainable economy, we need systems that work for independents. Not ones designed 50 years ago. Not ones that systematically exclude them.

Labour Day must also be the day when we acknowledge that **equality cannot stop at the threshold of salaried employment**. Self-employed workers are not asking for special treatment. They are asking that the solidarity they fund actually protects them, fairly and effectively.