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COVID-19 : The OGBL welcomes the agreement found with Belgium concerning telework

The Ministry of Finance announced last night that an agreement with Belgium had been reached to derogate from the limit of 24 days provided for in the Belgian-Luxembourg tax treaty, where frontier workers residing in Belgium are taxed in Belgium, which may normally cause a considerable tax disadvantage for the employees concerned.

With the agreement found between Luxembourg and Belgium, there are no longer any tax limits - which is to be welcomed, knowing that no one knows at the moment how long the measures to stem the coronavirus will last. At the same time, more and more companies use telework, in accordance with government orders to limit travel to what is strictly necessary. Some companies already operate only in telework mode.

Please note, however, that the limit of 25% of annual working time, which a European regulation provides for social security, is not affected by this agreement and therefore remains in force. To modify this rule, an agreement at European Union level would indeed be required.

In any case, the OGBL welcomes the agreement with Belgium and supports the Luxembourg government in its efforts to quickly reach comparable agreements with our two other neighboring countries, Germany (limit of 19 days) and France (29 day limit). It is indeed not conceivable that employees who opt for telework, or who no longer have any other possibility to work without physically travelling to work, are penalised fiscally.

It should be recalled in this regard that the OGBL generally demands upward harmonization of the thresholds provided for the three countries, by aligning with the limit of 25% of the annual working time provided for in terms of social security.