



Global Employer Services Individual tax

Tax tolerance for cross-border workers under agreements with France, Luxembourg further extended

The Belgian Ministry of Finance announced ([Dutch](#) | [French](#)) on 9 December 2021 and it was confirmed by the Luxembourg Ministry of Finance ([French](#)) on 10 December 2021, that Belgium has further extended its mutual agreements concerning cross-border workers with France and Luxembourg ([French](#)), respectively, until 31 March 2022. For previous coverage, see our [tax alert of 22 September 2021](#).

There is an implied understanding that the agreements will be extended for an additional three months, i.e., until 30 June 2022, provided the relevant agreement is not terminated by one of the competent authorities at least one week or two weeks before 31 March 2022 in respect of the mutual agreements with France and Luxembourg, respectively.

Based on the mutual agreements, which have been extended several times, remuneration derived from “home working days” solely due to COVID-19 travel restrictions may be tax exempt in the country of residence, provided it is effectively taxed in the state where the cross-border worker would normally have exercised their professional duties had the travel restrictions not been in place.

Mutual agreement with France

With respect to France, it is agreed in consideration of the specific regime for French frontier workers employed in Belgium that the days a worker remains at their place of residence in France (either until 31 March 2022 or until 30 June 2022 if the agreement is extended) will

continue not to be taken into account in determining the number of days worked outside of the Belgian frontier zone.

Mutual agreement with Luxembourg

With respect to Luxembourg, Belgium and Luxembourg recently agreed to increase the 24-day tolerance provided in the Belgium-Luxembourg tax treaty to 34 days as from 2022. As a result, a Belgian resident employed in Luxembourg by a Luxembourg employer may work for up to 34 days during the year outside Luxembourg, while remaining exclusively taxable in Luxembourg.

For the years 2020 and 2021, Belgium and Luxembourg already have ceased to take account of days worked outside Luxembourg, to encourage teleworking during the pandemic period. The extension of the mutual agreement extends to the first quarter of 2022 the decision not to take teleworking days into account in response to the fifth wave of the COVID-19 pandemic that is affecting the whole of Europe.

This measure ensures greater predictability for cross-border workers and provides maximum legal certainty for their employers.

Other mutual agreements

The expectation is that the mutual agreements concluded by Belgium with Germany and the Netherlands also will be extended. We are monitoring the situation and will keep you informed.

Contacts

If you have any questions concerning the items in this alert, please contact your usual tax consultant at our Deloitte office in Belgium or:

- Frédéricq Jacquet, frjacquet@deloitte.com, + 32 2 600 65 29

For general inquiries, please contact:
bedeloittetax@deloitte.com, + 32 2 600 60 00

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