



## Global Employer Services COVID-19 | Individual tax

### **Belgian agreements with the Netherlands and Germany to manage COVID-19 impact on cross-border workers**

The COVID-19 pandemic has forced many cross border commuters to work from home and ensure business continuity. Given that cross border workers are hence working in their country of residence, as opposed to where they would normally operate, the tax position of the employee and/or employer may be affected.

The right to levy tax on employment income is normally attributable to the home country. However, if the employee works in another country, the right to levy tax on income generated from those workdays is, in the first instance, taxable in that other country. Therefore, if an employee normally works in a country other than their home country, the right to levy tax is primarily allocated to the country in which the work is completed. With employees working in their country of residence because of the COVID-19 pandemic, the right to levy tax is no longer allocated to the country in which they would normally operate.

After the agreements [concluded with France and Luxembourg](#) in March 2020 regarding teleworking activities, Belgium has now concluded agreements with [the Netherlands](#) (in Dutch) and [Germany](#).

## In Belgium's agreements with The Netherlands and Germany

### Days physically working from home

- Days physically working from home can be defined as workdays completed in the country where the cross border worker would normally have exercised employment without the COVID-19 measures.
- This definition does not apply to working days that would have been completed as home office-days or in a third State, independent of COVID-19 measures.
- This definition should be applied in each of the countries; the respective wages for days physically working from home are effectively taxed in the State in which the cross border worker would have normally exercised employment without the COVID-19 measures.
- The cross border commuter should keep appropriate records (i.e. written confirmation by the employer on which part of the home office-days were solely due to COVID-19 measures).
- The cross border commuter can make use of this definition in the Belgian and Dutch or German income tax return.
- A change in the payroll set-up by the employer is in principal not required.

## In Belgium's agreement with The Netherlands

### Days spent in the home country

- The same definition as above applies for employees spending days at home without working, while receiving salary. Such days may thus be deemed as working days performed in the country where the cross border worker would have normally exercised employment without the COVID-19 measures.
- A change in the payroll set-up by the employer is in principal not required.

### For how long are the agreements applicable?

Both of Belgium's agreements are applicable from 11 March 2020 until 31 May 2020, and only remain in force beyond 31 May 2020 if Belgium and the respective competent authorities within each agreement agree.

### Deloitte's view

**The above is in line with [OECD recommendations](#) on the treatment of international tax treaties during the COVID-19 crisis.**

Such agreements help the international mobile workforce and their employer prevent additional complexities and administrative burdens brought by the lockdown measures.

Such a systematic approach across all treaties concluded by Belgium would prove very beneficial.

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## Contacts

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