



Global Employer Services COVID- 19 | Individual tax

OECD publishes guidelines on COVID-19's impact on cross border- workers

Following Deloitte's [17 March 2020](#) update covering the Belgian tax authorities' position in considering the COVID-19 situation as force majeure in relation to tax treaties with France and Luxembourg for cross-border workers, the OECD has [issued an update](#) regarding its own position.

As correctly stated by the OECD Secretariat, "*this unprecedented situation is raising many tax issues*", given that travel bans, lockdowns, etc. are preventing employees from performing their professional activities on location in the other country, potentially causing an adverse tax situation.

In this respect and based on its commentaries, the OECD takes the general position that:

- Professional income received by employees (in situations where governments introduced stimulus packages to keep employees on company payrolls) should be attributable to the territory where the employment used to be exercised or where the employee would have worked.
- If the expected source state would lose its taxing right based on article 15 of the treaty due to the COVID-19 impact, compliance difficulties (such as suspension of payroll processing, refund of withholding taxes, enhanced tax liability in the resident state, etc.) would arise. The

OECD is requesting coordinated actions to mitigate these adverse consequences given the exceptional circumstances.

- It is unlikely that the COVID-19 situation will have an impact on the residency status of cross-border workers stranded in the host country, or on temporary return to their “previous home country”.

More guidance from the Belgian tax authorities on whether they will align with this general OECD interpretation would be very welcome, as it would address the current uncertainty on cross-border workers’ tax positions.

Deloitte’s Global Employer Services team is monitoring developments closely and will issue any updates, which can be found on the dedicated [COVID-19 Tax & Legal impact website](#).

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