

Luxembourg Tax Alert

Coming soon...New tax treaty between Luxembourg and France: 29 days rule

19 March 2018

On Friday 16 March 2018, the Luxembourg Ministry of Finance announced that a new double tax treaty with France will be signed in the upcoming days that will modernize the 60-year-old agreement between the two countries.

Based on the statement of the ministry, the aim of the treaty is to include treaty provisions that reflect the latest OECD standards.

Among other changes, the ministry announced that new provisions would be introduced as to the personal income tax treatment of French residents who work in Luxembourg and also have their employer based there. Based on the tolerance rule, **French residents would remain taxable in Luxembourg on their total employment income provided their working days outside of Luxembourg would not exceed the total amount of 29 days per year.**

It is worth noting that similar rules are already applicable to Belgian (24 days) and German (19 days) cross-border workers who have their employer in Luxembourg. By introducing a similar rule for French resident employees, the cross-border workers will now be treated (almost) equally.

Although the text of the treaty will be completely reshaped, time will tell what practical benefits it will bring for cross-border employees.

Further newsletters on this topic will follow soon.

Your contacts

Raymond Krawczykowski

Partner | Tax Leader

Tel: +352 45145 2500

rkrawczykowski@deloitte.lu

Pierre-Jean Estagerie

Partner | Global Employer Services

Tel: +352 45145 4940

pjestagerie@deloitte.lu

Marleen Vandenput

Director | Global Employer Services

Tel: +352 45145 4216

mavandenput@deloitte.lu

Francisco Da Cunha

Director | Global Employer Services

Tel: +352 45145 2132

xmartinezaldariz@deloitte.lu

Deloitte Luxembourg
560, rue de Neudorf
L-2220 Luxembourg

Tel: +352 451 451

Fax: +352 451 452 401

www.deloitte.lu

Deloitte is a multidisciplinary service organisation which is subject to certain regulatory and professional restrictions on the types of services we can provide to our clients, particularly where an audit relationship exists, as independence issues and other conflicts of interest may arise. Any services we commit to deliver to you will comply fully with applicable restrictions.

Due to the constant changes and amendments to Luxembourg legislation, Deloitte cannot assume any liability for the content of this leaflet. It shall only serve as general information and shall not replace the need to consult your Deloitte advisor.

About Deloitte Touche Tohmatsu Limited:

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/lu/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms.

Deloitte provides audit, tax, consulting and financial advisory services to public and private clients spanning multiple industries. With a globally connected network of member firms in more than 150 countries, Deloitte brings world-class capabilities and deep local expertise to help clients succeed wherever they operate. Deloitte has in the region of 200,000 professionals, all committed to becoming the standard of excellence.

© 2018 Deloitte General Services

Designed and produced by MarCom at Deloitte Luxembourg