

GMS Flash Alert

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France – COVID-19: Various Tax Relief and ‘Frontier Worker’ Measures

To take into account the exceptional circumstances arising from the COVID-19 crisis, France has implemented a number of measures. In particular, it has extended the filing deadlines applicable to 2019 income tax returns. However, the French government has also reminded employers that there is no deferral of payment for the withholding tax due on the wages paid to employees.

The French government has also issued guidelines regarding when the changed working pattern of frontier workers from Germany, Belgium, Switzerland and Luxembourg can be disregarded.

WHY THIS MATTERS

The series of measures ushered in by France’s government are intended to help combat the spread of COVID-19 in the country and to bring relief to individuals and their employers as they come to grips with the changed situation in their daily lives and business operations arising from the restrictions tied to work, travel, and daily life.

The government’s measures related to changing the deadline for certain tax compliance obligations and the more relaxed approach to the tax and immigration rules that normally apply to certain cross-border workers (e.g., frontier workers) should give individuals and employers some very welcome breathing room to preserve their cash-flow and take additional time to organise their home, business, and tax affairs in these trying times.

Extension of Tax Filing Deadline

On 31 March 2020, the French Minister for Public Action and Accounts announced the extension of tax filing deadlines for 2019 income.¹

The filing deadline for those filing online will be between 4 June and 11 June depending on the place of residence of the taxpayer.

Paper declarants will have until 12 June 2020, one month longer than in the initially-published calendar.

Special Measures for Frontier Workers

Germany, Belgium and Switzerland

The government has also announced a number of measures concerning individuals residing in the French border areas and working in Germany, Belgium and Switzerland, so-called “frontier workers.”²

In order to ease the administrative burden of taxpayers, the tax treaties that each of these countries shares with France provide for the exclusive taxation of the workers’ wages in the state of residence, provided that the workers do not exceed a certain number of days worked outside the border zone.

During the COVID-19 crisis, the days during which frontier workers must work from home will not be taken into account and will not impact their eligibility for the specific tax regime. The agreement concluded with Germany in 2006 already covers such situations so that frontier workers should not be impacted by the increased number of days during which they work from home.

Luxembourg

The recent tax treaty with Luxembourg is different as it does not contain a specific regime for frontier workers. The general rule is that salaries are taxed in the country of work, i.e., in Luxembourg in the case of cross-border workers residing in France and working in Luxembourg. However, the treaty allows French cross-border workers to work up to 29 days in France for the benefit of their Luxembourg employer, without the related remuneration becoming taxable in France.

In light of COVID-19, it has been agreed that the increased presence of a worker working at home, will not be taken into account for the calculation of the 29-days limit until further notice.

Tax Payments Deferral Does Not Apply to Wage Withholding

In order to lessen the impact of the epidemic on economic activity, the Directorate General of Public Finances (DGFIP) has announced exceptional measures regarding spreading or postponing certain tax payments by companies.³

However, the deferral of tax payments does not encompass the employer tax withholding that has been in force since 1 January 2019 (*Prélèvement à la Source* also known as “PAS”) as the employer is only acting as a collector of the tax deducted from the employees’ salaries.

Companies that have revoked their direct debit authorisation are advised to regularise their situations or seek assistance as quickly as possible.

FOOTNOTES:

1 Minister for Public Action and Accounts (*Ministère de la Action et des Comptes Publiques*) 31 March 2020 press release (in French) [Communiqué de presse](#): "Impôt sur les revenus 2019 - Calendrier de de la déclaration 2020."

2 French government (*Ministère de l'Économie et des Finances, Ministère de la Action et des Comptes Publiques, and Secretariat d'Etat Chargé d'Affaires Européennes*) 19 March 2020 [joint press release](#) (in French).

3 Ministry of Action and Public Accounts' *Direction Générale des Finances Publiques* COVID-19 [website](#) for nonresidents and foreign companies (in English).

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