

GMS Flash Alert



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Belgium – COVID-19: Arrangements for Taxing Cross-Border Workers Extended

On 5 March 2021, the Belgian tax authorities announced an extension of mutual agreements with Luxembourg and the Netherlands until 30 June 2021, as the COVID-19 pandemic continues to impact public health.¹ Talks are ongoing to also extend the mutual agreements with France and Germany.

WHY THIS MATTERS

The COVID-19 mutual agreements Belgium concluded in 2020 with neighbouring countries France, Luxembourg, Germany and the Netherlands aim to avoid the negative tax consequences for cross-border workers at risk of having their employment income become fully taxable in their states of residence. These agreements had been extended several times to 31 March 2021. (For prior coverage, see the following issues of *GMS Flash Alert*: [2020-230](#) (13 May 2020), [2020-247](#) (22 May 2020) and [2020-302](#) (7 July 2020).) Cross-border workers and their employers concerned about their tax treatment may find some relief in the extension of the application of these particular agreements.

Companies should carefully consider the situations of individuals working in more than one country or individuals that regularly worked from home or in third countries prior to the COVID-19 pandemic.

Context

The intention of the agreements is to provide clarity on the income tax situation of individuals working in one country while residing in another country, who are forced to work from home during the COVID-19 pandemic. The mutual agreements concluded with France, Germany, Luxembourg and the Netherlands protect cross-border workers from suffering any tax disadvantages by working from home. Days worked from home will be treated as days worked in the country where the individual would normally have worked. This means that, despite working from home, their employment income can continue to be taxable in the state of normal employment.

Belgium had previously extended until 30 June 2021, its policy of disregarding situations in which cross-border workers and multi-state workers increased the amount of time they work in their home country due to COVID-19 for social security purposes. (For prior coverage, see *GMS Flash Alert 2020-480*, 4 December 2020.)

FOOTNOTE:

1 The announcement can be found (in Dutch and French) at: [*Verlenging van de COVID-19 akkoorden inzake thuiswerk | FOD Financiën \(belgium.be\)*](#) and [*Prolongation des Accords COVID-19 sur le travail à domicile | SPF Finances \(belgium.be\)*](#).

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