

GMS Flash Alert



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Switzerland - Extension of Pandemic-Related Tax Rules for Frontier Workers

Switzerland and France have extended the agreement enabling French cross-border workers with Swiss employers across all cantons to continue working from home whilst applying “frontalier” rules.¹ The temporary measures put in place at the beginning of the coronavirus pandemic have been extended several times, with the last deadline announced as 30 June 2022.²

WHY THIS MATTERS

France and Switzerland recognise that home working has evolved significantly since the start of the pandemic with a real shift in the way employees have embraced the flexibility of home and office work. Both countries appear to have agreed that now is the time to redefine the tax rules so that they reflect this new reality. The extension has therefore been put in place to give more time to both countries to agree on a permanent solution to facilitate home working across borders. They are looking to implement a regime which is “supple, simple and fair” for employees and employers alike, and one which allows for an equitable split of the tax revenues between France and Switzerland.

Context

This announcement comes after Switzerland agreed with the European Union to continue flexible application of the social security rules for remote workers until 31 December 2022.³ This means there is a misalignment of tax and social security rules, which we have already seen with previous extensions; however the authorities have committed to finding a permanent solution before the extension expires.

KPMG NOTE

Although this may seem to be simply another extension to the tax rules, the announcement has a different tone and message. It is clear that both France and Switzerland want to conclude a new agreement for all cross-border workers which reflects the change in working patterns.⁴ This agreement must also satisfy both sides in terms of preserving their respective financial positions. Both countries are committed to finding a solution before the end of October 2022, and have even stated that a timeline has been put in place to make this happen.

FOOTNOTES:

1 Ambassade de France en Suisse et au Lichtenstein, "[Télétravail des frontaliers : l'accord fiscal et social prolongés.](#)" Also, see "Imposition du télétravail des frontaliers - Prolongation de l'Accord COVID jusqu'au 31 octobre 2022" on the website of the République et Canton de Genève at: <https://www.ge.ch/actualite/imposition-du-teletravail-frontaliers-prolongation-accord-covid-au-31-octobre-2022-29-06-2022> .

2 For prior coverage, see [GMS Flash Alert 2022-075](#), 5 April 2022, and [GMS Flash Alert 2021-279](#), 15 November 2021. For related coverage, see [GMS Flash Alert 2021-184](#), 25 June 2021; also see [GMS Flash Alert 2020-492](#), 21 December 2020.

3 See "Travailleurs frontaliers en télétravail: flexibilité prolongée jusqu'à fin 2022 pour la sécurité sociale" (20 Juin 2020) on the website of the Swiss Office Federale des Assurances Sociales at: <https://www.admin.ch/gov/fr/accueil/documentation/communiques.msg-id-89345.html> .

4 See on French Senate's website "Télétravail des frontaliers exerçant en Suisse et présidence française de l'Union européenne" (13 July 2022) at: <https://www.senat.fr/questions/base/2022/qSEQ220700153.html> .

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