

GMS Flash Alert

2023-024 | January 31, 2023



Luxembourg – Frontier Workers / Tele-work Agreements Nailed Down for 2023

Luxembourg and its neighbouring countries have been negotiating and signing agreements to further foster tele-work.^{1,2} At the heart of these agreements is establishing a threshold number of days during which a cross-border worker can tele-work from a country that is not Luxembourg, but may be his or her country of residence, without being subject to double taxation.

WHY THIS MATTERS

These mutual agreements aim to avoid the negative tax consequences for cross-border/frontier workers at risk of having their employment income become fully taxable in their states of residence and/or become subject to double taxation. Originally these arrangements arose due to the particularities of the Luxembourg work-force (i.e., half of the active population is commuting from other countries) and this has been reinforced due to the “stay at home” / “work from home” policies during the height of the COVID-19 pandemic that saw employees working not in their regular work locations, but, rather, from home. These arrangements allowed existing rules to be applied more flexibly.

This more flexible interpretation embodied in the agreements Luxembourg has signed with its neighbouring countries is expected to greatly simplify the tax and social security compliance obligations for many frontier workers (and their employers) who normally work in Luxembourg.

Companies should carefully consider the situation of individuals working in more than one country or individuals who regularly work from home or in third countries.

Further Details

While the freezing of the 25-percent social security threshold impacting cross-border workers has been extended until 30 June 2023, the tax ceilings are applicable again since last July 2022.

© 2023 KPMG Luxembourg, Société anonyme, with registered office at 39 avenue John F. Kennedy L-1855 Luxembourg, registered with RCS Luxembourg under number B149133 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. Printed in the U.S.A. NDPPS 530159.

2023-024 | January 31, 2023

For 2023, said tax ceiling should be:

Belgium: 34 days;

France: 34 days;

Germany: 19 days.

Under the agreement negotiated with Belgium – and approved by the Luxembourg Chambre des Députés in May 2022 – the threshold will rise from 24 to 34 days retroactively to 1 January 2022. This agreement was ratified in December 2022 by Belgium, and should enter into force soon.

With respect to Germany, the threshold remains unchanged at 19 days.

According to a government agreement signed between France and Luxembourg on 7 November 2022, the threshold has been raised from 24 days to 34 days as from 2023.

FOOTNOTES:

1 See the "[Télétravail](#)" webpage on the website for the Luxembourg "Administration des Contributions Directes."

On the announcement of the agreement with France (in French), see:

https://mfin.gouvernement.lu/fr/actualites/gouvernement%2Bfr%2Bactualites%2Btoutes_actualites%2Bcommuniques%2B2022%2B09-septembre%2B30-teletravail-frontaliers-francais.html .

2 See "[Télétravail: Période transitoire prolongée en matière d'affiliation à la sécurité sociale pour les travailleurs frontaliers](#)" (22 November 2022) on the government of Luxembourg website.

For related press reports (in French), see *(please note that by clicking on the below links, you are leaving the KPMG website for an external site (non-KPMG, non-governmental), that KPMG is not affiliated with nor is KPMG endorsing its content. The use of the external site and its content may be subject to the terms of use and/or privacy policies of its owner or operator):*

See T. Toussaint, "Voici le résumé du débat sur le télétravail" in *RTL | 5Minutes* (online (27 January 2023) at: <https://5minutes.rtl.lu/actu/luxembourg/a/2022944.html> .

See *L'Essentiel* (online), "Le pays discute avec ses voisins pour augmenter le télétravail" at: <https://www.lesessentiel.lu/fr/story/le-pays-travaille-avec-ses-voisins-pour-augmenter-le-teletravail-289077814990> .

See M. Obert, "Le Luxembourg veut élargir le télétravail frontalier" in *Paperjam* (online) (12 October 2022). <https://paperjam.lu/article/luxembourg-ouvert-a-elargir-te> .

* * * *

Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Luxembourg:



Xavier Martinez

Partner

Tel. +352 22 51 51 5345

Xavier.martinez@kpmg.lu



Sacha Thill

Partner

Tel. + 352 22 5151 5588

Sacha.Thill@kpmg.lu

The information contained in this newsletter was submitted by the KPMG International member firm in Luxembourg.

© 2023 KPMG Luxembourg, Société anonyme, with registered office at 39 avenue John F. Kennedy L-1855 Luxembourg, registered with RCS Luxembourg under number B149133 and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

www.kpmg.com

kpmg.com/socialmedia



© 2023 KPMG LLP, a Delaware limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

The KPMG name and logo are registered trademarks or trademarks of KPMG International. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

KPMG LLP is the U.S. firm of the KPMG global organization of independent professional services firms providing Audit, Tax and Advisory services. The KPMG global organization operates in 147 countries and territories and has more than 219,000 people working in member firms around the world.

Each KPMG firm is a legally distinct and separate entity and describes itself as such. KPMG International Limited is a private English company limited by guarantee. KPMG International Limited and its related entities do not provide services to clients.

Flash Alert is a GMS publication of KPMG LLP's Washington National Tax practice. To view this publication or recent prior issues online, please click [here](#). To learn more about our GMS practice, please visit us on the Internet: click [here](#) or go to <http://www.kpmg.com>.