



NEWS INTERNATIONAL SPECIAL EDITION

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Dear Sir or Madam,

As a result of the current situation with regards to the Covid-19 pandemic, all facets of our society are being confronted with unprecedented challenges. A great number of fellow citizens are following the advice to work from their home office wherever possible. However, in a globalised professional world in which it is commonplace to have to cross a border to reach the workplace, this increased activity in home offices could pose a stumbling block when it comes to taxation.

With respect to the activities of border commuters and cross-border workers, the relevant articles of the double taxation agreements with the neighbouring states relating to income from employment, regulations on the taxation of cross-border workers - if any - and, in certain cases, consultation agreements should be observed. On the basis of these regulations, exceeding a certain number of days during which a worker does not visit the country in which the work is carried out may lead to a (partial) change in taxation rights. Given the growing numbers of people working from home, the German Federal Ministry of Finance is pursuing (or has pursued) bilateral special arrangements to prevent the consequences of any undesired changes in taxation rights.

According to the French double taxation agreement, additional home office days already do not affect the intended distribution of cross-border workers' taxation rights since activities carried out in the border zone of the employee's country of residence are not classified as days on which the employee does not return.

On 3 April 2020, Germany entered into a mutual agreement with Luxembourg. According to this agreement, work days spent in a home office due to the Covid-19 pandemic count as work days spent in the country in which the employee would have been working without the measures taken to combat the pandemic. Employees taking advantage of the option to work at home are required to keep records (confirmation from their employers) of these work days. Exceptions to this rule apply to work days which would have been spent working from home or in a third country, regardless of these measures, and in particular for employees who exclusively work in their home office in line with their employment contract.

The mutual agreement applies to work days in the period between 11 March 2020 and 30 April 2020 and will automatically be extended at the end of each calendar month until the end of the next calendar month, unless it is terminated by one of the contracting states.

Substantively comparable regulations, though differing in the details, can be found in mutual agreements with the Netherlands dated 6 April 2020 and with Austria dated 16 April 2020.

If your company employs cross-border workers or border commuters, please feel free to get in touch with us to discuss the matter. We are happy to advise and support you at any time.

Best regards



The author

Dr. René Schäfer completed his degree in Business Administration at Saarland University in Saarbrücken in 1999 as a Business Administrator. At the same time, he received the Diploma of the Ecole Supérieure de Commerce, Lyon after one year of study in France.

In 2003, he received a doctorate at the Chair for Business Management Studies, particularly Business Taxation from Univ. Prof. Dr. Heinz Kussmaul on the subject of "Taxation of a German-French company". Dr. Schäfer completed the examination for Tax Advisor in 2005. Since 2008, he has also possessed the title of "Specialist Advisor in International Tax Law".

In mid-February 2005, Dr. Schäfer began working as an employee in the tax department of DORNBACH GmbH, Saarbrücken branch.

Prof. Dr. René Schäfer

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In July 2007, Dr. Schäfer was made a person with full commercial power of attorney and on January 1st, 2011, he was accepted as a partner.

In July 2015, he was made an Honorary Professor in the subject of Business Administration at the Saarland University.

Specialisation

International tax law /
Corporate reorganisation tax law /
Transaction consultancy

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Company presentation



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