

## New Social Security Framework Agreement on Teleworking

### Executive summary:

The new Social Security Framework Agreement on Teleworking (“the Agreement”) entered into force last July 1, 2023. It grants cross-border employees that carry out teleworking from home the opportunity to keep their social security affiliation in the country where their employer is located. This is provided, among other conditions, that the total teleworking time stays between an activity threshold of 25% to less than 50% of the total working time. Worth noting that the activity threshold mentioned above is for social security purposes and it should not be confused with the thresholds for income tax purposes, which are based on bilateral agreements. In this respect, please refer to the comparative table below, containing information on Luxembourg’s neighboring countries. In application of the Agreement, for Luxembourg Social Security purposes, starting July 1, 2023 a new declaration to the Centre Commun de la Sécurité Sociale (“CCSS”) must be made.

### In more detail:

The main purpose of the Agreement is to provide cross-border individuals with the advantage to continue benefiting from the social security scheme of the country in which their employer is located, provided the following conditions are met:

1. The individual is subject to an **employment relationship**,
2. **Both Member States** (the one of the employer’s establishment and the one of employee’s residence) must be **signatories** to the Agreement,
3. The **telework is carried out exclusively** in the State of residence,
4. The percentage of **telework is between 25% and less than 50%** of the total working time.
5. There is existence of a **remote connection** with the employer's IT infrastructure.

Teleworking situations not covered by the Agreement are covered by the European regulations no. 883/2004 and no. 987/2009, under which the Member State of residence determines the applicable social security legislation. Some “out of scope” examples are: (i) telework carried out in two or more Member States i.e. “pluriactivity”, (ii) telework activity below the 25% threshold, (iii) self-employed persons, (iv) employees from third countries.

Up to date, the countries that have signed the framework agreement are: Austria, **Belgium**, Croatia, Czech Republic, Finland, **France**, **Germany**, Lichtenstein, **Luxembourg**, Malta, Norway, Poland, Portugal, Slovakia, Spain, Sweden, Switzerland, The Netherlands.



The Agreement is valid for a period of 5 years and it can be renewed for additional periods of 5 years. In order to benefit from the Agreement, employers and employees must apply for the A1 certificate.

### How to fill in the new declaration:

The CCSS has provisionally set up a website to allow employers established in Luxembourg to report **any telework activity** carried out regularly by their non-resident employees. Such declaration can be done as follows:

- a) **Telework by non-residents in scope of the Agreement:** When the conditions of the Agreement are met the employee can be declared via online through this link [Declaration of telework for non-resident employees | CCSS](#) for which the CCSS will apply the procedure given in the Agreement.
- b) **Any other Telework by non-residents:** These are cases out of the scope of the Agreement such as “pluriactivity”. Here the CCSS will automatically transfer the case to the competent authority of the Member State of residence, so that the latter can determine the applicable legislation. In terms of declaration, only the “pluriactivity” cases will be declared online (same form as above), whereas the other “out of scope” cases should be done using the paper forms available on the CCSS website [www.ccss.lu/en/formulaires](http://www.ccss.lu/en/formulaires).

To make declarations using the online form, employers need a TOKEN, which has been sent by post. Employers who have not received a TOKEN by 1st July 2023 should contact the CCSS by e-mail at [ccss@secu.lu](mailto:ccss@secu.lu) with the subject "Request token + [employer registration number]".

### Deadline:

The Agreement provides for a transitional period during which a “retroactive application” covering 12 months is possible i.e. regular telework carried out by an employee from 1st July 2023 may be declared up to and including **30 June 2024**. This is **provided that** throughout the entire period in question, the employee was already affiliated with the Luxembourg social security scheme. From **1 July 2024 onwards**, the retroactivity of a request is limited to 3 months and the condition of affiliation to Luxembourg social security scheme remains.

### Social security vs. Income Tax tolerance thresholds:

The **Agreement** establishes an activity threshold for purposes of **social security**, which should not be confused with the activity thresholds for **income tax purposes** that are determined by the various **bilateral agreements**. Please refer to the following comparative table covering Belgium Germany and France as bordering countries for Luxembourg.



<b>Country</b>	<b>Income Tax Telework threshold tolerance<sup>1</sup></b>	<b>Social Security Telework threshold tolerance</b>
<b>Belgium</b>	<b>34 days</b> as from 1 Jan 2022	Telework is <b>equal or more than 25% but less than 50%</b> of the total working time.
<b>France</b>	<b>34 days</b> as from 1 Jan 2023	
<b>Germany</b>	<b>19 days</b> , to be increased to 34 as from 1 Jan 2024	

**For further information do not hesitate to contact one of our team members who will be glad to assist you at any time:**

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<sup>1</sup> Above this threshold, income taxation rights may arise in the country of residence.

