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## **Luxembourg leads the field boosting the cross-border teleworking tolerance threshold for social security**

Earlier this week, Mr. Claude Haagen – the Luxembourg's Minister of Social Security – officially endorsed the European framework agreement on the application of Article 16 (1) of the Regulation (EC) No. 883/2004 in cases of habitual cross-border telework. The said agreement will apply for an initial duration of five years starting from 1 July 2023, and sets out the terms and conditions under which employees working in another EU member state than where their employer is established, can still benefit from the employer member state's social security system. Importantly, the agreement only concerns the social security aspects of the cross-border teleworking arrangements, without prejudice to the taxation provisions under specific bilateral agreements.

In order for the worker to be able to benefit simultaneously from remote working arrangements and the social security system of the country of their employer, the following conditions have to be met to i) both the country of residence of the cross-border worker and the country of establishment of the employer have to have ratified the agreement and ii) the time worked remotely in the worker's country of residence has to be less than 50% of the worker's actual working time (i.e. up to 49%, boosting it from the current threshold fixed at 25%).



The agreement's applicability is contingent on its voluntary ratification by individual EU member states. Besides Luxembourg, so far only Germany, Austria, the Czech Republic, the Netherlands, Slovakia, and such non-EU states as Switzerland and Lichtenstein have adopted the agreement, while Belgium has committed to ratifying it by the end of this month. Other EU member states are expected to follow shortly.

As firmly stated by Mr. Claude Haagen at the signature ceremony, for Luxembourg, ratification of the agreement represents on one hand, a milestone in the improvement of the work-life balance of cross-border workers, and on the other – a step further in upholding of the values of the European Union.

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