

Teleworking in Luxembourg: Practical challenges and operational considerations

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In our first article, we explored the tax and social security implications of teleworking (or homeworking) in Luxembourg, highlighting how personal income tax, corporate tax and social security rules apply in a cross-border context. However, understanding the general framework is only part of the picture.



In practice, implementing teleworking arrangements raises a number of operational and organizational challenges for both employers and employees. These include tracking working days, managing different thresholds, defining internal teleworking policies and ensuring compliance while respecting the limits imposed by data protection rules.

This second article focuses on the practical aspects of teleworking, examining the key operational challenges employers face when designing and managing teleworking and mobility policies in Luxembourg.

Tracking and monitoring working days

In practice, it is particularly important for non-resident employees to keep track of where they perform their work. Employers typically need to distinguish between days worked in Luxembourg, teleworking days from the employee's country of residence, and days spent on business travel abroad. Maintaining accurate records helps employers and employees monitor applicable limits and adjust the Luxembourg payroll where needed to reflect that remuneration linked to days worked outside Luxembourg may become taxable in the employee's country of residence once the relevant thresholds are exceeded.

Even though the rules around teleworking have become more detailed over time, putting them into practice can still be challenging. Teleworking may affect both social security and tax reporting, and each area may rely on different thresholds. Managing these aspects together therefore requires clear processes and effective coordination.

Another challenge is that working days are not always counted in the same way. For social security purposes, the assessment may be based on working time. Where appropriate systems are in place, this can involve tracking hours worked, for example through timesheets. In practice, however, many employers apply a simpler day-based approach, calculating the number of working days in a year after excluding weekends, public holidays and annual leave.

While this approach is commonly used, the EU coordination rules do not prescribe a specific methodology for calculating the 25% threshold. Article 14(8) of Regulation (EC) No 987/2009 refers to working time or remuneration as the relevant criteria, leaving institutions to assess the employee's situation on the basis of these indicators. What matters is that the methodology

adopted is reasonable, applied consistently and reflects the reality of the employee's activity. From a tax perspective, the rules may differ depending on the employee's country of tax residency. In some countries, even a brief physical presence during a day may be sufficient for that day to be treated as a full working day for tax purposes. In Germany, for example, even a brief presence may result in the day being counted as a German working day.

Differences may also arise between the interpretation adopted by the employee's state of residence and that applied in Luxembourg. This is notably the case in Belgium, where the Belgian tax authorities have developed their own administrative practice ("*doctrine belge*") regarding the application of the protocol on the 34-day teleworking threshold. This practice may result in a different method for counting teleworking days compared to the approach followed in Luxembourg, adding an additional layer of complexity for employers and employees when monitoring compliance.

Finally, tracking teleworking also raises data protection and privacy concerns. Employers are generally limited in their ability to monitor employees' physical location through IT systems or technical tools. As a result, they often need to rely on employee self-reporting, supported by clear internal rules and appropriate documentation.

Designing and managing teleworking policies in a cross-border context

Having a clear teleworking policy is essential for employers. Such a policy helps set expectations by explaining who may telework, under what conditions, how requests are approved, how teleworking days should be tracked, and what is expected from both the employer and the employee. Clear internal rules make teleworking easier to manage, reduce misunderstandings and help limit compliance risks.

In Luxembourg, however, implementing such a policy is not always straightforward. Different rules apply depending on whether employees are residents or cross-border workers. As a result, employees performing similar roles may not always be able to telework to the same extent simply because they live in different countries. This situation is further complicated by the

structure of the Luxembourg labor market, where a large share of the workforce lives in neighboring countries. Because of the combined impact of tax and social security rules, Luxembourg employers often face more constraints than employers based in neighboring states. For example, a French or Belgian resident working for an employer established in their country can often telework a large part of their time with relatively few administrative hurdles. By contrast, teleworking is usually more limited and more complex for cross-border workers employed by a Luxembourg employer.

In practice, employers often have to make difficult choices. Some decide to apply the same, more restrictive teleworking rules to all employees in the organization. While this approach can simplify management, it may frustrate resident employees, even though teleworking is not a legal right. Others choose to apply different rules depending on where employees live. While this may better reflect the applicable constraints, it can raise questions around fairness, consistency and communication within the organization. In addition, teleworking practices may also differ depending on the employee's role. For example, employees holding senior or strategic positions may face stricter limitations on teleworking due to the nature of their responsibilities.

Other compliance considerations

From an employment law perspective, a distinction is commonly made between regular and occasional telework, often based on a quantitative threshold (for example, above or below 10% of working time). This distinction stems from the interprofessional agreement on telework of 20 October 2020, declared generally binding by the Grand-Ducal Regulation of 22 January 2021. Where telework qualifies as regular, employers are generally required to cover costs incurred by the employee, for instance through a flat-rate telework allowance or the reimbursement of actual expenses. Such arrangements may be provided for in collective agreements, such as the collective agreement applicable in the banking sector. It should also be noted that these arrangements may require consideration from a permanent establishment perspective in certain jurisdictions, depending on the specific circumstances.

Teleworking may also raise posting and notification obligations in certain countries. While teleworking from an employee's home is not generally considered a posting in the traditional sense, some jurisdictions — such as Belgium — apply notification requirements (for example, LIMOSA declarations) broadly to activities performed on their territory, including in certain teleworking situations. Whether such obligations apply depends on the nature, duration and regularity of the activity, as well as on local administrative practice. Employers should therefore remain attentive to potential foreign notification requirements when implementing or extending cross-border teleworking arrangements.

Outlook: Towards more pragmatic solutions?

The continued growth of teleworking and cross-border mobility has highlighted the limits of the current framework. As working practices evolve, there is increasing discussion around the introduction of safe-harbor mechanisms allowing a limited amount of regular teleworking without triggering tax or social security consequences.

One approach often mentioned in this context is the possibility of introducing a standard safe-harbor allowance, for example equivalent to up to two days of teleworking per week. Such an approach would better reflect modern working practices, reduce administrative complexity and provide greater clarity for both employers and employees.

These discussions are also taking place at political level. In a parliamentary question answered in January 2026 (no. 3216), the Luxembourg government was notably asked about its position on the objective proposed by France to allow up to 40% teleworking for cross-border workers. In its response, the Luxembourg government indicated that it was open to increasing the teleworking threshold for cross-border workers up to 25%, provided this is accompanied by enhanced cross-border cooperation and co-development initiatives as a counterpart.

Although no harmonized framework exists at this stage, these developments suggest a gradual move towards solutions that are better aligned with modern working practices.

Conclusion

Teleworking has become a normal and lasting part of working life in Luxembourg, particularly in a cross-border environment. However, the rules that apply today remain complex, with different thresholds and requirements depending on whether one looks at personal income tax, social security or employment law, and with different treatments for resident and non-resident employees. Although some clarifications have been introduced in recent years, managing these different rules in parallel can still be challenging in practice, especially in Luxembourg given the high proportion of cross-border workers and the resulting constraints on teleworking arrangements.

At the same time, some employers are increasingly offering "working from elsewhere" options, allowing employees to work temporarily from another country, often their country of residence. While these arrangements respond to employee expectations and reflect the international nature of the Luxembourg workforce, they also require careful consideration from a tax, social security and compliance perspective.

Looking ahead, the continued development of teleworking and cross-border mobility may lead to simpler and more coordinated approaches, such as allowing a limited amount of regular teleworking without triggering additional obligations. Until then, Luxembourg employers should continue to approach teleworking arrangements carefully and remain attentive to how the rules evolve over time.

Note de conjoncture de la Chambre des Métiers

L'Artisanat luxembourgeois en clair-obscur

La Chambre des Métiers a publié sa nouvelle note de conjoncture consacrée à la situation économique de l'Artisanat au quatrième trimestre 2025. Si certains indicateurs suggèrent une amélioration progressive, la reprise reste fragile dans un environnement marqué par des incertitudes économiques et géopolitiques.

Au quatrième trimestre 2025, l'indicateur global d'activité demeure en territoire négatif, à -8,2 points. La part des entreprises déclarant une amélioration de leur activité (11,4 %) se rapproche toutefois progressivement de celles rapportant une dégradation (19,6 %), laissant penser que le creux conjoncturel pourrait avoir été atteint. La Chambre des Métiers reste néanmoins prudente et souligne le caractère encore précaire de cette stabilisation.

Le secteur de la construction continue d'illustrer ces difficultés. Les ventes en état futur d'achèvement (VEFA) restent particulièrement faibles. Au troisième trimestre 2025, seulement 324 transactions



ont été enregistrées, soit près de la moitié de la moyenne observée avant la crise, qui s'élevait à 691 ventes trimestrielles. Les mesures fiscales mises en place n'ont pas permis de recréer une dynamique durable, et la confiance dans ce modèle reste limitée.

Le marché de l'emploi reflète également cette fragilité. Au quatrième trimestre 2025, le taux de chômage a progressé de 0,3 point, soit une hausse de 12,6 % du nombre de demandeurs d'emploi. Le secteur de la construction est le plus touché, avec près de 40 % de demandeurs d'emploi supplémentaires en un trimestre et une baisse de 2 % de l'emploi salarié sur un an.

Parallèlement, un déséquilibre structurel se creuse entre secteur marchand et secteur public. Alors que l'emploi privé stagne, l'emploi dans le secteur public a progressé de 24 % en cinq ans, accentuant les tensions de recrutement dans les secteurs productifs.

À ces difficultés conjoncturelles s'ajoute un défi démographique important. Entre 24 000 et 28 000 salariés de l'Artisanat devraient partir à la retraite au cours des dix prochaines années. Dans la construction, le ratio jeunes/seniors a été divisé par quatre depuis 2009, ce qui menace la transmission des savoir-faire et les capacités de production.

Face à ces défis, la Chambre des Métiers identifie trois priorités : « productivité »,

« logement » et « talents ». La productivité constitue un enjeu central, alors que celle de l'économie marchande a reculé de 2,5 % entre 2003 et 2023.

Dans la construction, la baisse observée s'explique notamment par un déficit temporaire de la demande, les entreprises ayant choisi de préserver leur main-d'œuvre malgré la conjoncture.

Pour améliorer durablement les performances du secteur, l'institution souligne l'importance de leviers structurels tels que la simplification administrative, l'investissement dans l'innovation et la modernisation des infrastructures.

Dans ce contexte, l'intelligence artificielle est perçue comme un outil complémentaire permettant d'améliorer l'efficacité et l'organisation du travail, sans remplacer les savoir-faire artisanaux.

Le logement constitue également un enjeu déterminant. Le marché des logements neufs reste marqué par un niveau de ventes en VEFA nettement inférieur à celui d'avant crise. Par ailleurs, la mise en œuvre du programme public d'acquisition pro-

gresse plus lentement qu'anticipé, tandis que les partenariats public-privé peinent encore à se concrétiser.

Selon la Chambre des Métiers, une relance crédible du marché immobilier passe à la fois par la restauration de la confiance des ménages — par exemple via un prêt à taux zéro modulé — et par un cadre fiscal plus incitatif pour soutenir l'investissement.

Enfin, l'attraction des talents constitue une priorité transversale. Le remplacement d'environ un quart des salariés de l'Artisanat d'ici dix ans nécessite une stratégie cohérente combinant formation, mobilité et attractivité internationale. La création de nouvelles qualifications « 1^{er} DAP » d'une durée d'un an, prévues à partir de la rentrée 2026, vise notamment à attirer davantage de jeunes vers les métiers de l'Artisanat.

Pour la Chambre des Métiers, l'enjeu est de créer une dynamique dans laquelle productivité, compétences et attractivité se renforcent mutuellement, afin de consolider durablement la reprise du secteur.

Informations complémentaires : <https://urls.fr/vT3QKE>