

Teleworking in French cross-border areas

Realities and impacts

Brussels

October 12th



1 A MOT study published in 2022, supported by 10 partners

Objectives

- ▶ Providing an **overview** of the usual and derogating **rules** that govern remote working in French border areas
- ▶ Addressing **related issues** and not only cross-border teleworking : environmental, economic, social concerns...
- ▶ Presenting **concrete elements on what remote working actually means**, today and potentially in the medium term, in the studied areas that are particularly impacted
- ▶ Making **recommendations at different levels** (local, national, European) for the areas primarily concerned and involved in the study



Lessons and concerns

- ▶ Link between express mention of **allowed teleworking days** for cross-border workers and **tax payment system** at the workplace
- ▶ Agreements that do not mention the issue of telework should theoretically allow cross-border workers to work from home on a full time basis or, at least, to organise their working conditions
- ▶ **Diversity of situations and bilateral agreements** binding France to its neighbours in terms of **taxation => no identical situations !**
- ▶ **Homogeneity in social security at European level**
- ▶ Risk of discrimination between border and non-border workers, and even within the border worker category (full-time vs part-time border workers) and question of the threshold set by European regulations for substantial activity (now 49.9%)
- ▶ Questions to employers regarding the support they receive and the procedures to follow
- ▶ **Questions regarding applicable employment law**



Synthèse

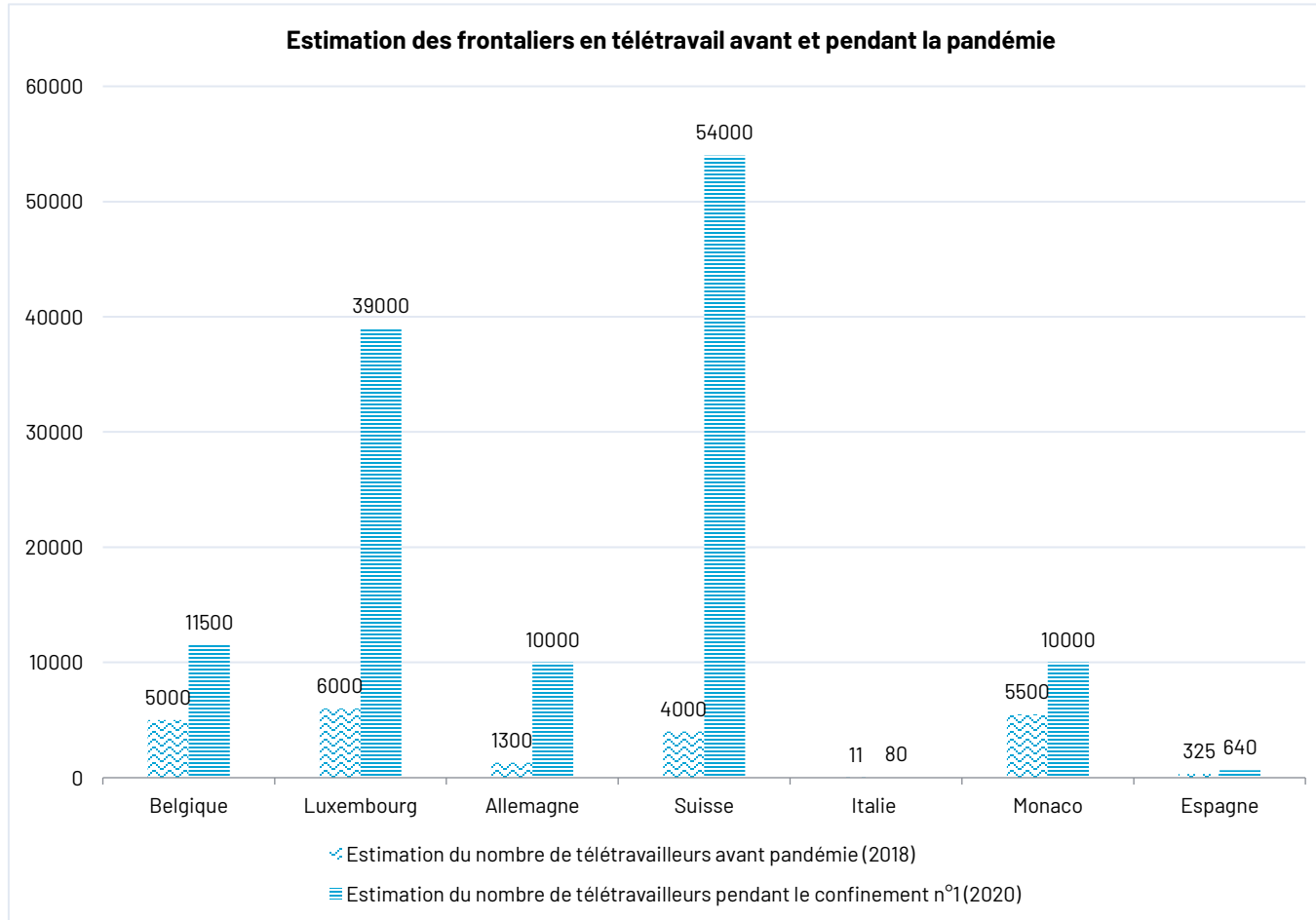


Figure to remember :
+ 100 000

Based on these estimations, we can consider that the total number of teleworking border workers has risen

- From **22 000** in 2018 (**5%**)
- To more than **125 000** in 2020 (**28%**)

How many in 2023 ?



Distinguishing teleworkers from telework days

Assessment of
crossborder
remote working

2018

Working days = 90 millions
Teleworkers = 22 000
Average number of
teleworking days per week = 1d

**Total teleworked days =
< 1 million
(1,1%)**

**Sustainability / evolution
of this tendency to be studied**

2020

Working days = 100 millions
Teleworkers = 125 000
Average number of teleworking
days per week = 3,5d

**Total teleworked days =
19 millions
(20%)**



Framework of analysis

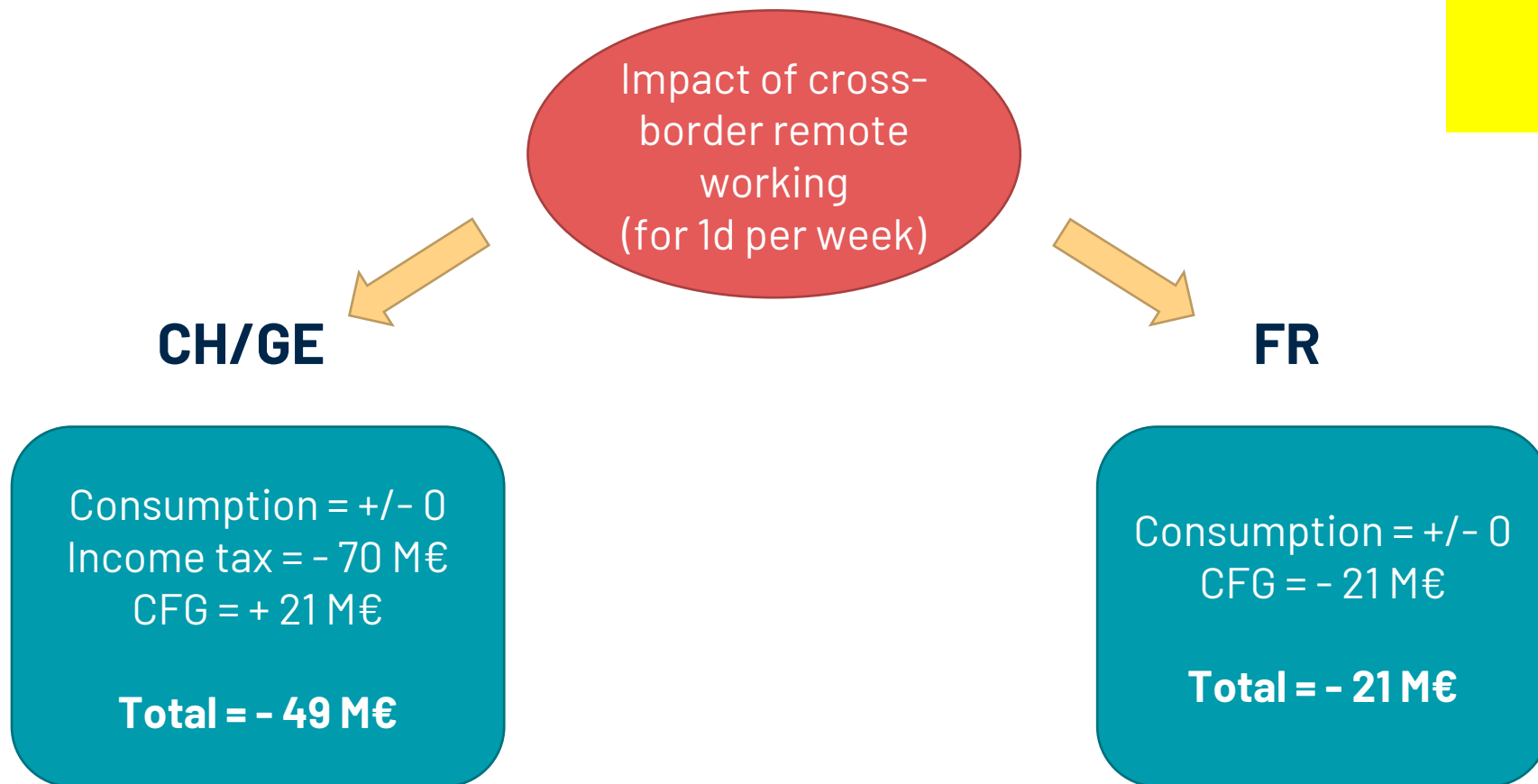
	Positive effects	Negative effects
For territories of employment	- Taxation ?	- Local consumption - Office property - Taxation ?
For territories of residence	- Local consumption (and « presential economy »)	- Unfair competition for businesses - Local taxation ?
For cross-border territories	- Mobility (congestion, security) - Environment (air quality)	- Attractiveness of assets/workers
For border people	- Well-being / stress ? - Time gained - Lower professional expenses	- Well-being / stress ? - Residence costs - Discrimination between border people?



Presential economy, consumption, taxation

Grand Genève

Without sustainable agreement, cross-border remote working = « lose - lose » situation



But FR-CH agreement (22.12.22) :
40% teleworking without tax rebates

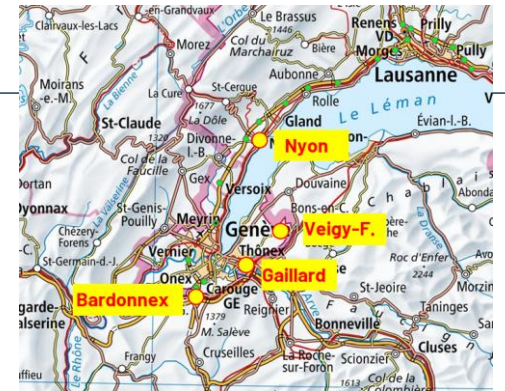
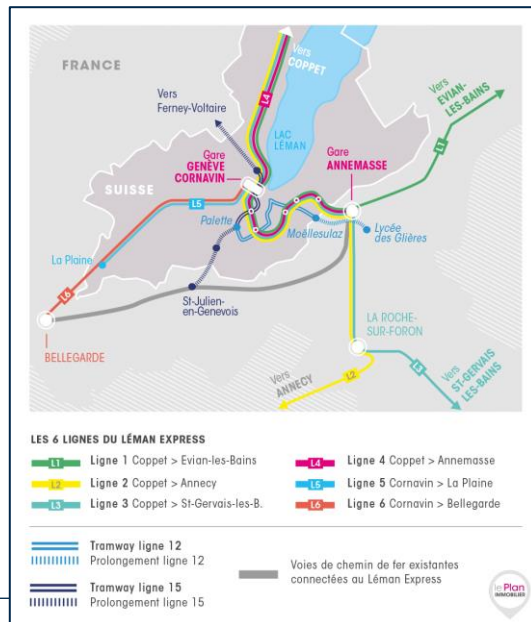


Significant positive effects on mobility

Genève

Railway traffic

- Léman Express : end of 2021, “the target of 50,000 passenger per day has been achieved two years ahead of schedule”, while in Switzerland as a whole, the number of passengers on the railway network in 2021 was about 25% lower than in 2019.
- Since 2022, it seems that remote working no longer has an impact, since the initial attendance target has been exceeded (60 000 passenger per day)



Road traffic

During the pandemic:

- On the **French side** : a decrease between 2019 and 2020 of -15,3% in the Ain ; **between -22,5 % (Veigy-Fongenex) and -28% (Bardonnex)** in the Haute-Savoie, i.e. on average a reduction of 6 900 vehicles per day.
- On the **Swiss side** : **a decrease of 9% between 2019 and 2022 (Nyon)**, i.e. on average a reduction of 8300 vehicles per day.

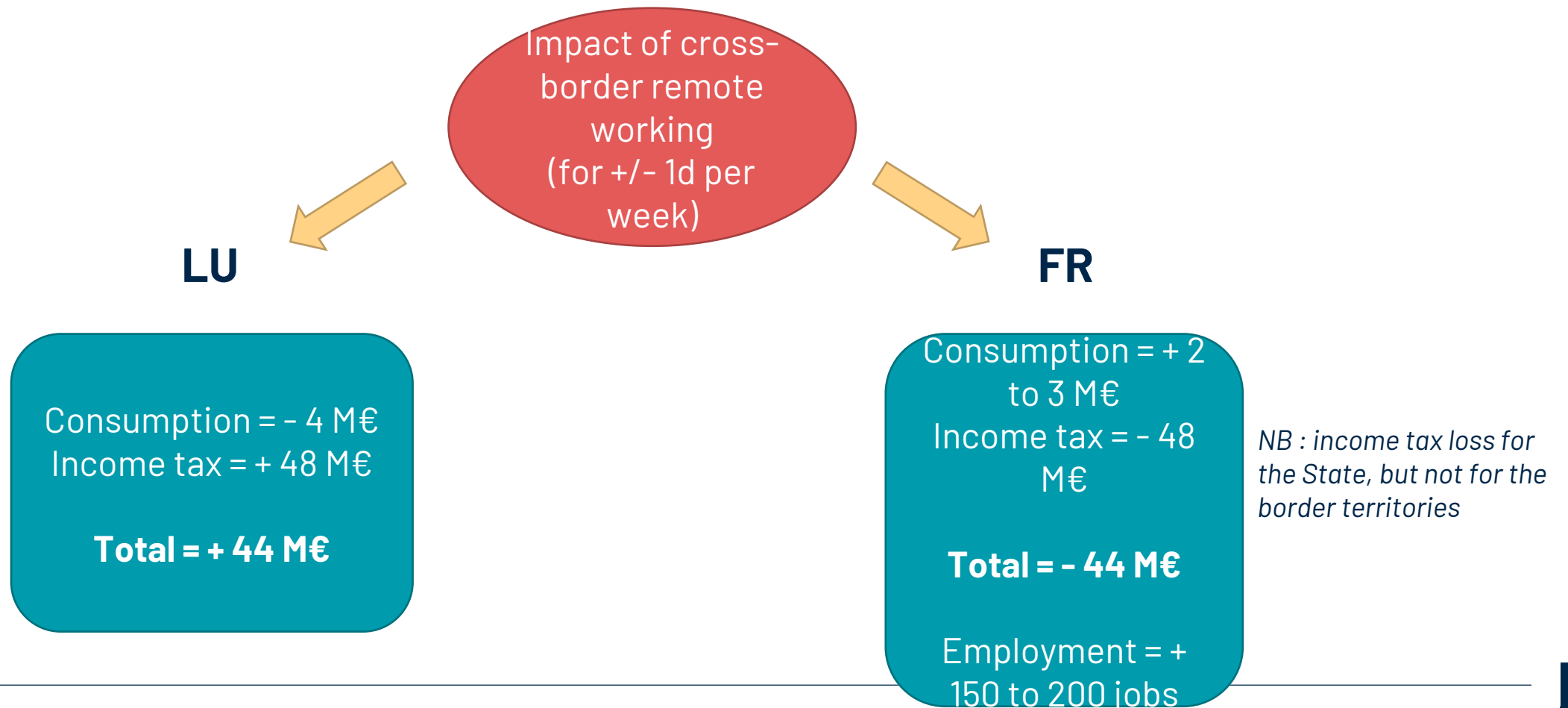
in 2020:

- **Correlation between the proportion of cross-border teleworker and the reduction in road traffic on the French side**
- **+ « Léman Express » effect**



Presential economy, consumption, taxation

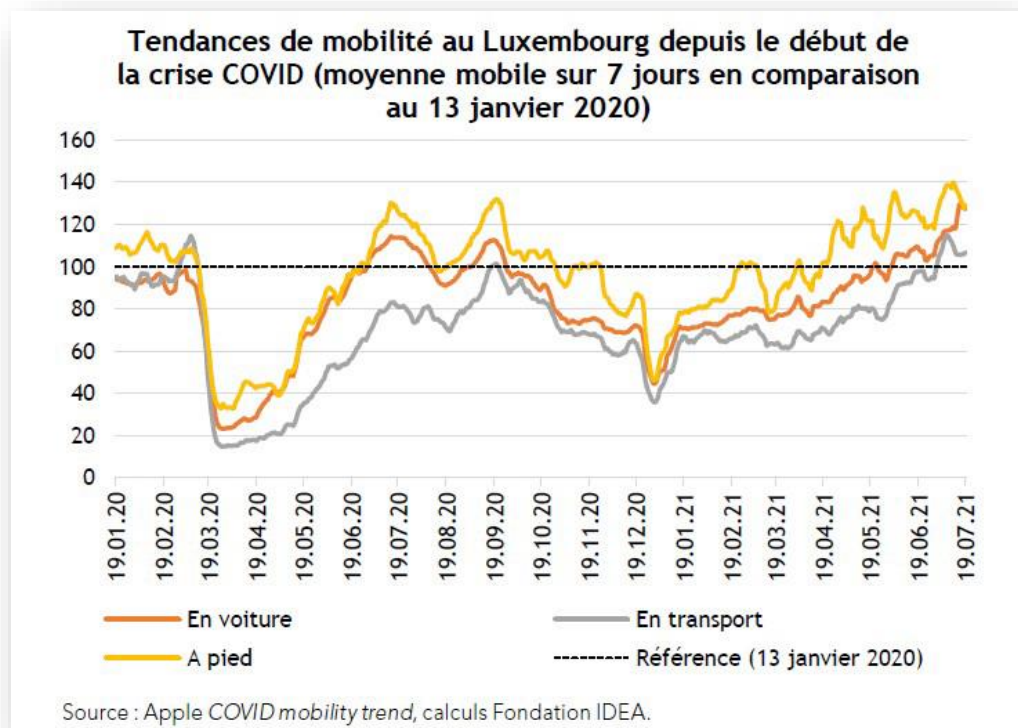
FR-LU

Cross-border remote worker is currently a « lose - win » situation

Mobility : more mixed results than anticipated

FR-LU

Road traffic



A contrasting situation in Luxembourg:

- **From June 2021, the road traffic was more important than in January 2020 (before the pandemic and the restrictions that followed).**
- "Car traffic even exceeded its pre-crisis level at the end of May, despite the continuing high level of teleworking" (according to the IDEA Foundation).
- Hypothesis that could explain the rise of road traffic :
 - **Restrictions lifted and teleworking down compared with the peak of the crisis**
 - **People using their own car given the reduction in road congestion**
 - **Rise in mobility for teleworkers, which could possibly explain road congestion at peak times between 2019 and 2021**
 - **Rise in people working in Luxembourg**

Recommendations

Recommendations for all

- ▶ **As part of the renegotiation of bilateral agreements, simplify as far as possible the definition of the “tax status” of border workers, and bring it into line with the definition of the “status of border worker” set out in Regulation 883/2004, which is clearer, single and less restrictive.**
 - Subject that could contribute to the Schengen Border Code reform and to the specification of the notion of « bassins de vie transfrontalier » (*cross-border functional areas*)
 - While renegotiating these agreements, bringing together equity and cross-border spatial justice systems in French border areas
- ▶ **Encourage the European Commission to initiate an amendment/evolution of Regulation 883/2004** on social security rules to take account of this new type of work, which particularly affects border regions, and to rethink the debated concept of “substantial activity”.
 - **Recommendation that has been acted upon: framework agreement of the 01/07/23 resulting in a derogation from regulation 883/2004 for cross-border teleworking (49.9% threshold)**



Recommendations

Recommendations by border segment

- ▶ **Grand Genève** : considering previous agreements since 1973, that aimed to guarantee a fair allocation of cross-border resources allocation compte tenu des accords passés depuis 1973 pour garantir une juste répartition des ressources transfrontalières, **negotiate a “tolerance”** with regard to the **taxation of the income of cross-border teleworkers** by providing for a number of days authorised without this taxation being reclassified, in order to move from a post-derogation situation described as “lose-lose” to a “win-win” situation
 - **Recommendation that has been acted upon: framework agreement of the 01/07/23 resulting in a derogation from regulation 883/2004 for cross-border teleworking (49.9% threshold)**
- ▶ **On the Lorraine – Luxembourg border: ensure that changes in income tax tolerance are linked to greater cross-border fairness**, but also rapidly initiate a specific study on the real impact of teleworking on cross-border mobility, which is not as visible as on the other borders
 - **Discussions under way on cross-border fairness in teleworking**



Recommendations

Prospects for further progress

- ▶ Propose to the French government (Ministry of Labour) to launch a major survey of companies located abroad but on France's borders, in order to gain a better understanding of their management of cross-border remote working and their cross-border workers over the last 2 years.
 - Given the difficulty for the French government to survey companies located outside its territory, it could rely on various tools, including the MOT.
- ▶ **Call on the OECD both to monitor the application of its “bilateral convention model”** to avoid double taxation of persons, which is regularly cited but rarely applied at French borders, and to **encourage it to reconsider its model** since border situations are sometimes very unbalanced and considering the emergence of cross-border telework since 2020.
- ▶ **Ultimately, ensuring the longitudinal monitoring of this issue**

