

Global Mobility

The impact of the Covid-19 pandemic on the global workforce is raising complex taxation and social security issues.

Global Mobility Specialist

Dr. Michael Grüne from Menold Bezler outlines the effect of Covid-19 for one of his clients facing a change in work location.

The background

In normal circumstances an employee works in Zürich for a Swiss company but lives with his family in Stuttgart. When working in Zürich he rents an apartment where he stays during the week and returns to his home in Germany for the weekends. Due to the global pandemic and travel restrictions, he had to work from home full time from 1 March 2020.

The taxation issue

According to the Double Taxation Agreement (DTA) between Germany and Switzerland, the remuneration received by a resident of Germany in respect of employment carried on in Switzerland may be taxed in Germany only if:

- a) the recipient does not reside in Switzerland for a total of more than 183 days during the calendar year in question.
- b) the remuneration is paid by or on behalf of an employer who is not a resident of Switzerland; and
- c) the remuneration is not borne by a place of business or a fixed establishment, which the employer has in Switzerland.

Before 2020 the German employee's remuneration was taxed in Switzerland.

The question now is how to treat the taxation for 2020?



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Due to an agreement between Germany and Switzerland, signed in June 2020 which is in effect until termination by either one of the countries, days for which wages are received and on which the employee in our case performs his/her activities in Germany only as a result of measures to combat the COVID-19 pandemic and therefore remains in Germany may be claimed as working days spent in Switzerland, i.e. where the place of work would have been located if the measures to combat the COVID-19 pandemic had not been taken. The same applies to the employee's social security.

The information in this article is for general information only. For specific advice please contact a member of the MGI Worldwide CPAAI Global Mobility Specialist Group.

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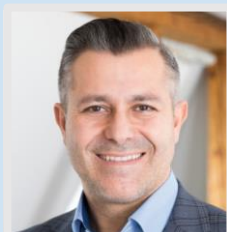
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