### **Taxation of Cross-border Economic Activities**



## An analysis from the perspective of employees and independents

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**The dissertation** provides an analysis of the various problems and obstacles of cross-border work focusing on income from independent personal services and employment income. The implications of cross-border work are mainly examined from a tax law perspective, particularly focusing on people living in Belgium with cross-border income. Different types of families are used to identify to what extent taxation affects frontier workers versus non-frontier workers.

# I. An analysis of cross-border economic activities under international and European tax law

#### Self-employed income – art. 14 OECD

The effect of the deletion in the OECD-MTC

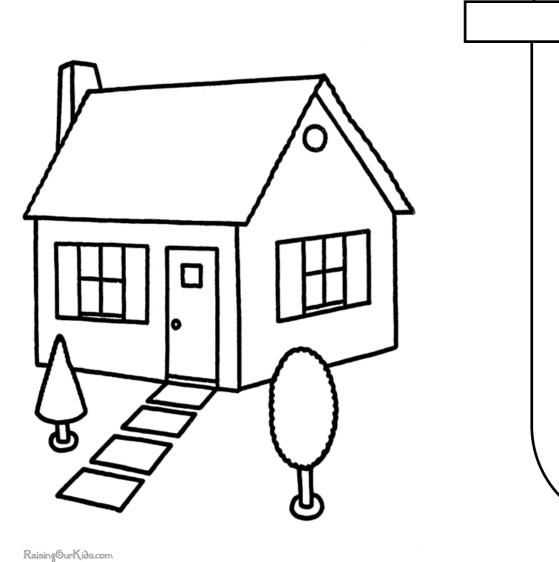
### Employment income – art. 15 OECD

Interpretation problems from a Belgian perspective

- •Still a number of cases of double taxation not eliminated by DTTs
- •Not a full network of DTTs between the 28 EU MS
- •No rules at Community level:
- Definition of cross-border workers/ self-employed
- Division of taxing rights b/w MS
- Tax rules to be applied

Towards a common (European) framework under direct tax law?





Luxemburg
Netherlands
Germany
France
UK
...

⇒Identification of large discrepancies in incomes of Belgian frontier worker and non-frontier workers

Normative question: do frontier workers need to be equally treated to the residents who do not commute daily to another country?

Towards a coordination and consistency of the existing separate systems for taxation and social security?

# II. Study of Conformity of Belgium national law with EU Law

Employees	Self-employed persons	IMPLICATIONS OF: Marriage Legal cohabitation Non-formalized cohabitation  Eg. Proportional distribution of personal and family allowances; deductibility of personal contributions; unemployment benefits, charging losses husband, etc.	
Two earner couples without children	Two earner couples without children		
Two earner couples with 1 child	Two earner couples with 1 child		
General prohibition of discrimination on grounds of nationality		Fundamental freedoms	
Material discrimination -Free movement of persons -Free movement of services -Credit mechanism -Factual assessment Formal discrimination	Discrimination in DTT's	/	Free movement of capital  Community Law  Domestic Law

"Discrepancies in fiscal and social systems result in administrative challenges and a reduced level of contentment of people moving for work within the EU."

Grounds of justification

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