



## **India-Belgium Social Security Agreement becomes effective on 1<sup>st</sup> September 2009**

### **Background**

The Government of India had signed a Social Security Agreement ('SSA') with the Government of Belgium on 3<sup>rd</sup> November, 2006. The SSA aims at achieving equality on the principle of reciprocity and is intended to benefit the employees and employers in India and Belgium having cross-border operations in the two countries.

In October 2008<sup>1</sup>, the expatriates (International Workers) and the employer with whom they work in India were brought under the social security purview in India. Accordingly, in respect of such expatriates, social security contributions are required to be made in their home country as well as in India.

Correspondingly, in respect of Indian employee working outside India, social security contributions are required to be made in both the countries, in absence of the SSA.

To avoid the hardship of double payment of the social security contribution (by employer and employee) in India and Belgium, the SSA has been signed by both the countries.

The SSA shall come into effect from 1<sup>st</sup> September, 2009.

---

<sup>1</sup> Refer our Flash News of October 2008

## Benefits under the SSA<sup>2</sup>

- **Avoidance of double coverage:** The SSA provides for avoidance of no coverage or double coverage of social security contributions in the home and host countries and equality of treatment with the host country employees/ workers.
- **Export of Pension:** Export of pension from one country to the other country is possible where the employees may choose to finally reside.
- **Totalisation of contribution periods:** The period of service rendered/ contribution by an employee in both the countries is to be counted for determining the eligibility to any benefits under the SSA i.e. in certain situations the period of service in two countries would be added for the purposes of eligibility requirements under respective social security schemes.

## Coverage of employees under SSA

- An Indian national deputed to Belgium

S.No.	Nature of employment	Coverage under Indian Social Security	Coverage under Belgian Social Security
1	Deputation by Indian employer:  - On short term assignment for not more than 60 months  - On long term assignment for more than 60 months	  ✓   ✗	  ✗   ✓
2	Local employment by an Indian employer/ non-Indian employer directly in Belgium	✗	✓

---

<sup>2</sup> www.epfindia.com

- A Belgian national deputed to India:

S.No.	Nature of employment	Coverage under Indian Social Security	Coverage under Belgian Social Security
1	Deputation by Belgian employer:  - On short term assignment for not more than 60 months  - On long term assignment for more than 60 months	  x  ✓	  ✓  x
2	Local employment by a Belgian employer/ Non-Belgian employer directly in India.	✓	x

#### **Certificate of Coverage/ Detachment Certificate**

In order to avoid dual payments of social security in India and Belgium, the employer and employee can apply to the appropriate social security authority in the home country<sup>3</sup> for claiming exemption from the social security contributions/ taxes in the host country in the case of employees deputed on a short-term assignment to the host country for not more than 60 months.

Employees eligible to apply for Certificate of Coverage are as under:

S.No.	Eligible employee	Tenure of certificate to be applied for
1	Deputed on a short term assignment prior to 1 <sup>st</sup> September, 2009.	1 <sup>st</sup> September, 2009 to date of completion of the deputation
2	To be deputed on a short term assignment on or after 1 <sup>st</sup> September, 2009.	Entire period of deputation.

---

<sup>3</sup> In India, it is Employee Provident Fund Organisation.

## **Handbook and FAQs**

The handbook issued by the Government of India provides for the procedure of issuing the Certificate of Coverage and the administrative arrangement for implementation of the SSA. Also, FAQs have been issued clarifying few terms/ aspects of the SSA.

## **Our Comments**

The implementation of the SSA with Belgium is a welcome step as it will avoid double payment of social security contributions in the home and host country. This will result in substantial cost saving in respect of deputation arrangement of employees.

It appears that the procedure prescribed to avail the benefit under the SSA will initially add to the administrative work for the employers and social security authorities in India (manual processing of the applications/ forms, etc.). It may be beneficial if the procedures are made online for quick disposal of such requests.

This is the first SSA that will become effective in India. Few more SSAs are also likely to be notified shortly.

## **Disclaimer**

*The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.*

**For further information about KPMG in India and our services, please contact:**

### **Bangalore**

Maruthi Infotech Centre, 11-12/1  
Inner Ring Road  
Koramangala, Bangalore 560071  
Phone: + 91 80 3980 6000 Fax: +91 80 3980 6999

### **Chennai**

KPMG House  
No.10, Mahatma Gandhi Road, Nungambakkam High Road,  
Chennai 600034  
Phone: +91 44 39145000 Fax: +91 44 39145999

### **Delhi**

DLF Cyber City, Building no. 10, Block B, Phase II  
Gurgaon, Haryana 122 002

Phone: +91 124 307 4000 Fax: +91 124 254 9195

**Hyderabad**

KPMG, 8-2-618/2

Reliance Humsafar, 4th Floor

Road No.11, Banjara Hills

Hyderabad - 500 034

Phone: +91 40 66305000/23350060 Fax: + 91 40 6630 5299

**Kolkata**

Park Plaza, Block F, Floor VI

71 Park Street, Kolkata 700 016

Phone: +91 33 2217 2858 / 64/62 Fax: +91 33 2217 2868

**Mumbai**

KPMG House, Kamala Mills Compound, 448 Senapati Bapat Marg

Lower Parel, Mumbai 400 013

Phone: +91 22 39896000 Fax: + 91 22 39836000

**Pune**

703, 7th Floor Godrej Castlemaine, Next to Ruby Hall Clinic,

Bund Garden Road, Pune 411001

Phone: +91 20 30585764/65 Fax: +91 20 3058 5775

**Kochi**

4/F, Palal Towers M. G. Road, Ravipuram,

Kochi 682 016

Tel: +91 484 309 4120

Fax: +91 484 309 4121