

## Employees' Provident Fund Organisation stipulates the procedure for extension of Certificate of Coverage beyond the normal period covered in respective Social Security Agreements

### Background

India has signed several Social Security Agreements (SSAs) with other countries with a view to obtain an exemption from a contribution towards social security in the host countries for outbound employees, provided that they contribute to social security in India.

The SSAs aim at achieving equality on the principle of reciprocity to benefit the employees and employers having cross-border operations by avoiding double payment of social security contributions.

### Certificate of Coverage (COC)/Detachment Certificate

A Certificate of Coverage/ Detachment certificate is a 'Certificate' concerning the applicable legislation issued by one of the contracting country that forms the basis of exemption from social security contributions in the other contracting state.

Recently, Employees' Provident Fund Organisation (EPFO) has issued a circular<sup>1</sup> in regard to providing a standard procedure for extension of COC beyond the period stipulated in the respective SSAs and issues related to cancellation/ amendment/ extension of COC.

### Highlights of the circular

- A COC should be issued through the routine procedure in cases where the period of detachment of the employee is within the period of detachment given in the respective SSA.
- In cases, where the COC is required beyond the period of detachment given in the SSA, it has been instructed by EPFO that a COC can be issued only with the consent of the Competent Authority/ Institution of the country with which India has an effective SSA.

The following procedure has been laid down for the issue of COC beyond the period stipulated in the SSA:

- a) A joint application obtained from the employee and the employer has to be submitted in the jurisdictional Regional Office of EPFO in which the establishment falls.
- b) The application has to be forwarded to the Head Office by the concerned Regional Office (RO) with their recommendation based on the provisions of the SSA that India is having with the country, where the applicant is going to work.

<sup>1</sup> EPFO Circular - [https://www.epfindia.gov.in/site\\_docs/PDFs/Circulars/Y2018-2019/IWU\\_COC\\_20112018.pdf](https://www.epfindia.gov.in/site_docs/PDFs/Circulars/Y2018-2019/IWU_COC_20112018.pdf)

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- c) Regional Provident Fund Commissioner - I (RPFC) of International Workers Unit (IWU), Head Office shall forward the request to the Competent Institutions/ Authority of the SSA country.
  - d) Upon receipt of the consent of the Competent Institution/ Authority of the SSA country, jurisdictional RPFC will issue the COC beyond the period stipulated in the SSA.
- Further, the circular states that for all issues pertaining to cancellation/ amendment/ extension of COC, the concerned Regional Office that issued the COC shall be the competent authority.
  - As regards foreign nationals coming to work in India, the concerned RPFC – I of the Regional Office shall be the competent authority to decide whether a request for an extension in detachment beyond the period stipulated in the SSA can be accepted.

The following procedure has been laid down in this regard:

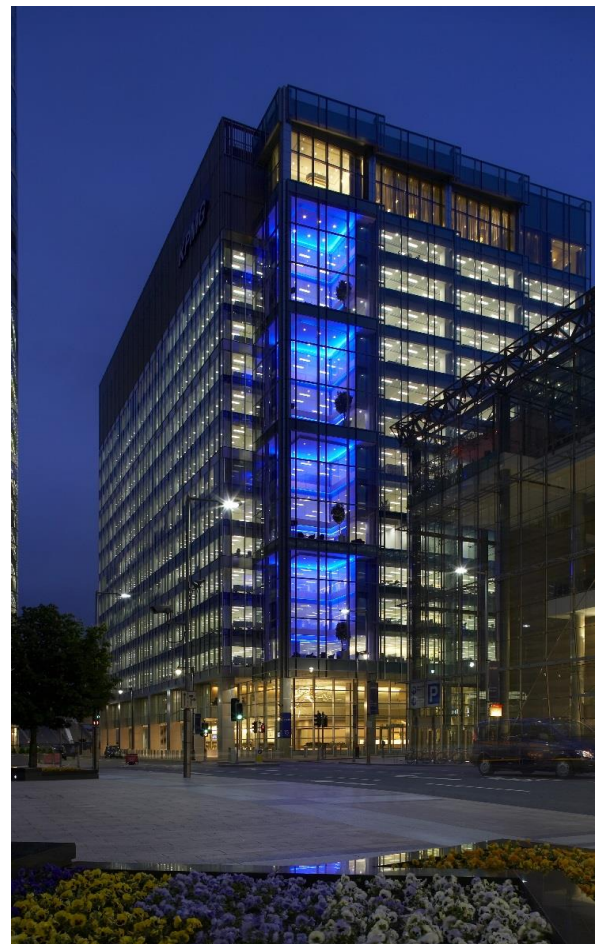
- a) The application from the Competent Institutions/Authorities of the SSA country shall be received in International Worker Unit (IWU) cell of EPFO Head Office, and the same would be forwarded to the respective Regional Office under the jurisdiction of which the establishment is covered.
- b) The Regional Office shall then examine the case thoroughly and provide their comments/ recommendation on the case to case basis to the EPFO, Head Office.
- c) Based on the recommendations of the concerned Regional Office, IWU Cell of the EPFO Head Office shall convey the decision of the competent authority either approving or rejecting the request to the Competent Institution/ Authority of the country with which India has SSA.
- d) The RPFC-I (IWU), EPFO, Head Office, shall be the nodal officer for coordinating with the Competent Authorities/ Institutions of the foreign countries.

## Our comments

The instructions issued by the EPFO seek to clarify the procedure for issuance of COC beyond the period stipulated in the respective SSAs.

The procedure laid down for obtaining the COC beyond the period of detachment provided in the circular is a welcome step in the direction of providing the benefits of exemption to the international assignees. However, grant of extension in detachment period is subject to mutual consent of the Competent Authority/ Institution of the country with which India has an effective SSA.

Companies that have outbound assignees to the country with which India has an effective SSA may review their assignment policies to avail possible benefits of extended detachment under the respective SSA.



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