



Tax Flash News

20 February 2024

India's Social Security Agreement with Brazil has come into effect from 1 January 2024

The Ministry of External Affairs, Government of India issued a press release on 16 March 2017 notifying that the Social Security Agreement (SSA) between India and Brazil has been signed.

The Employees' Provident Fund Organisation (EPFO) has issued a circular¹ notifying that the Social Security Agreement (SSA) between India and the Federative Republic of Brazil has come into effect from 1 January 2024. This SSA aims at achieving equality on the principle of reciprocity to benefit employees who are posted in another country, by their employers.

Key potential benefits under the India-Brazil SSA

- **Exemption from social security contribution in the host country**

The employees of one country posted by their employers in another country on short-term assignments may be exempted from social security contributions in the host country for up to a period of thirty-six months (extendable subject to conditions). However, such an exemption can be availed only after obtaining a Certificate of Coverage (CoC) from the respective authorised agencies of India and Brazil.

- **Totalisation of contributory periods**

The period of service rendered by an employee in both countries will be added for the purpose of eligibility requirements under the respective social security schemes, subject to certain conditions.

- **Export of benefits**

The benefits acquired by international assignees under the social security legislation of one country will be exportable to the other country.

Our comments

The notification of entry into force of the SSA between India and Brazil is a welcome step as it can help save costs in international assignments between the two nations as well as take into account the social protection of international assignees. This could lead to increased economic activity between the two countries.

The actual provisions of the SSA may have to be examined in detail so as to analyse the benefits, compliance requirements and regulations laid down by the said SSA. Companies that have inbound assignees to India or outbound assignees to Brazil may review their assignment policies to avail of the potential benefits under the SSA.

¹ EPFO Circular No. IWE-1109/1/2020-IWU/Brazil/E-file (621352)/4763, dated 13 February 2024

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