

September 19, 2014
2014-088

flash International Executive Alert

A Publication for Global Mobility and Tax Professionals by KPMG's International Executive Services Practice

France – Updates on Recent Social Security Agreements

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In this *Flash International Executive Alert*, we provide an update on the social security agreements signed between France and various countries. France has signed two agreements with South American countries (Brazil and Uruguay) which have recently come into effect. Other developments include a new agreement with Canada and one with Luxembourg. These agreements help to foster cross-border trade and simplify the rules governing social security taxation and benefits eligibility when employees work outside their home countries.

Why This Matters

Bilateral social security agreements help individuals moving between countries by either coordinating the pension programs of both countries, or avoiding double contributions in home and host countries, which might otherwise be required by law. As such, social security agreements are beneficial in that they generally can help lower the costs of international assignments by allowing contributions to be paid in one country only and alleviate the loss of benefits for those who move internationally.

Agreement with Brazil¹

The social security agreement signed in December 2011 between France and Brazil entered into force on 1 September 2014. The following is a summary of the agreement's notable points from a global mobility perspective. (For prior coverage, see [Flash International Executive Alert 2013-169](#), 18 December 2013.)

The agreement applies not only to French and Brazilian nationals, but also to other persons, regardless of nationality, who have been subject to the legislation of one of the Contracting States.

The legislation that applies is generally that where the employees work. However, employees, who are sent to work temporarily in the territory of the other country on behalf of their home country employers, will remain covered by the legislation of the country of habitual work and will be exempt from paying contributions in the other country for a period of 24 months, which may be extended for another 24 months.

Totalization Rules

Pension benefits (disability, old age, or survivor), are calculated separately if there is no need to resort to the periods completed under the legislation of the other country. If it is more favorable, one can use the "proportional method." Under this method, the periods of social insurance under the legislation of the other country, or under the legislation of a

a third country, will be taken into account if that other country is linked to both France and Brazil by an agreement providing for the totalization of social insurance periods.

Cooperation between Institutions

In addition to the customary measures on mutual assistance, and exchange of information between competent authorities and institutions, there are provisions aimed at fighting fraud through the sharing of information on residence and income.

Transitional Provisions

The agreement provides for the recognition of social insurance periods completed before the agreement's entry into force in determining a person's right to pension benefits.

If at the time of entry into force of the agreement, individuals are working in either France or Brazil for an employer established in the territory of their home country, and meet the eligibility requirements to remain insured in their home country, they may request to be covered by the legislation of the other country. In this case, the secondment period is considered as beginning on the date of entry into force of the agreement.

Other Agreements

Uruguay²

The agreement with Uruguay (dated 6 December 2010) entered into force on 1 July 2014. It contains similar provisions as the one between France and Brazil. Notably, the calculation of pension benefits will take into account periods of insurance performed under the legislation of a third country if that country is linked to both Contracting States by an agreement providing for the totalization of insurance periods. (For prior coverage, see [Flash International Executive Alert 2013-169](#), 18 December 2013.)

Home country coverage may be maintained for a maximum 24 months, but there are exceptions to the general rule.

Canada³

The Minister of Foreign Affairs and International Development of France tabled a bill authorizing approval of the social security agreement between France and Canada. The agreement and its implementing agreement were signed on 14 March 2013.

The personal and territorial scope is extended. The agreement will now apply to anyone who has been covered by the legislation of one or the other country and not just nationals of either country. The French territory of Saint Pierre and Miquelon is specifically included to take into account its geographical proximity and links with Canada. Other French territories are left out of the territorial scope of the agreement.

The agreement provides for a stricter enforcement and supervision of the use of the secondment rules.

Luxembourg⁴

A law providing for the development of cooperation and mutual administrative assistance with Luxembourg in matters relating to social security was published on 9 July 2014. The agreement defines the principles of cooperation between the two countries on social security benefits, coverage, and controls. It applies to all individuals within the personal scope of EU Regulation 883/2004/EC. It aims to curb the wrongful use of EU secondment or multi-state rules.

Note that France had already concluded similar two agreements of this type with the Czech Republic and Belgium⁵.

The aim is to focus on enforcement of the EU regulations on a bilateral basis in order to prevent individuals from shopping for the cheapest social security deal.

Footnotes:

1 See:

- *Décret n° 2014-1013 du 8 septembre 2014 portant publication de l'accord entre la République française et la République fédérative du Brésil en matière de sécurité sociale (ensemble un accord d'application, signé à Paris le 22 avril 2013), signé à Brasilia le 15 décembre 2011 ;*
- *Loi n° 2014-427 du 28 avril 2014 autorisant la ratification de l'accord entre la République française et la République fédérative du Brésil en matière de sécurité sociale.*

See: http://www.cleiss.fr/pdf/conv_bresil.pdf .

2 *Loi n° 2014-306 du 7 mars 2014 autorisant l'approbation de l'accord de sécurité sociale entre le Gouvernement de la République française et le Gouvernement de la République orientale de l'Uruguay.* See: http://www.cleiss.fr/pdf/accord_Uruguay_sans_AA.pdf .

3 See *Projet de loi autorisant l'approbation de l'accord entre le Gouvernement de la République française et le Gouvernement du Canada sur la sécurité sociale* at: <http://www.senat.fr/leg/pjl13-676.html> .

4 See *Loi autorisant l'approbation de l'accord sous forme d'échange de lettres entre le Gouvernement de la République française et le Gouvernement du Grand-Duché de Luxembourg pour le développement de la coopération et de l'entraide administrative en matière de sécurité sociale (n° 2014-776 du 8 juillet 2014), parue au Journal Officiel n° 157 du 9 juillet 2014* at: http://www.cleiss.fr/pdf/conv_luxembourg.pdf .

5 See:

- *Loi autorisant l'approbation de l'accord entre le Gouvernement de la République française et le Gouvernement de la République tchèque sur l'échange de données et la coopération en matière de cotisations et de lutte contre la fraude aux prestations de sécurité sociale (n° 2011-4 du 3 janvier 2011), parue au Journal Officiel n° 2 du 4 janvier 2011.*
- *Loi autorisant l'approbation de l'accord entre le Gouvernement de la République française et le Gouvernement du Royaume de Belgique pour le développement de la coopération et de l'entraide administrative en matière de sécurité sociale (n° 010-487 du 14 mai 2010), parue au Journal Officiel n° 111 du 15 mai 2010 .*

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