

GMS Flash Alert

2016-075 | July 1, 2016



Albania - New Social Security Agreements with Luxembourg, Macedonia

Albania has two new social security agreements, one with Luxembourg and another with Macedonia.¹ The social security agreement (SSA) with Macedonia became effective on 1 June 2016; while the SSA with Luxembourg becomes effective on 1 July 2016.

WHY THIS MATTERS

The bilateral agreements between Albania and Luxembourg and between Albania and Macedonia, respectively, will allow transferred workers to be exempt for a maximum of 24 months from the obligation to contribute to the social security system of the other state where they are temporarily working, as long as they have obtained a Certificate of Coverage (CoC). In principle, both agreements aim at preventing double coverage of social security contributions for temporary assignments in the other country.

The execution of these SSAs should provide social security protection for international assignees, so they do not lose their social security benefits entitlement in their home country when they are transferred to work in the other country.

The implementation of these agreements should simplify the administration of assignments from Albania to Luxembourg or Albania to Macedonia and vice versa, and thereby will make it easier for international companies to deploy their employees in the other country, which could enhance cross-border business and commerce.

Key Benefits under the SSAs for International Assignees and Their Employers

Under each SSA, employees seconded by their employers in one country to work in the other country on temporary assignments, but who remain covered by their home country's social security system, should be exempt from contributing to the social security system of the host country. This exemption from contributions in the host country is available when the employee obtains a CoC from the relevant authority in the home country.

If the assignment duration is more than 24 months, the employee may continue being part of the social security scheme of the home country provided that the approval of the relevant competent authorities is secured.

KPMG NOTE

Albania currently is party to three other SSAs, correspondingly with Turkey, Belgium, and Bulgaria. The SSA entered into between Albania and Bulgaria is in force, however the authorities of both countries are working to negotiate a new SSA.

At the present time, Albania is in the incipient stages of building its SSA network; where implementation and application are concerned, there are some "growing pains," but the authorities are making efforts to honor and effectively apply the agreements in force.

Albania has signed also other SSAs, or is in the negotiation phase, with the following countries:

Austria*

Canada*

Czech Republic**

Germany**

Hungary**

Italy**

Romania**

* Initialized or under negotiations

** Ratified, however not yet in force

FOOTNOTE:

1 For the Agreement entered into between the Republic of Albania and the Government of the Grand Duchy of Luxembourg on social security protection, which was ratified by the Albanian Parliament with Law no 42/2015 (as published in the Official Gazette (*Fletorja Zyrtare*) No. 69/2015, dated 5 May 2015), in Albanian, [click here](#).

For the Agreement entered into between the Republic of Albania and the Republic of Macedonia on social security protection, which was ratified by the Albanian Parliament with Law no 123/2015 (as published in the Official Gazette (*Fletorja Zyrtare*) No. 201/2015, dated 24 November 2015), in Albanian, [click here](#).

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