

# GMS Flash Alert

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## France – Social Security Agreement Signed with People’s Republic of China

France and the People’s Republic of China signed a social security agreement on October 31, 2016.<sup>1</sup> This is the first such agreement between the two countries.

It is anticipated that once in force, the agreement will help facilitate cross-border business ties and the movement of personnel between the two countries.

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### WHY THIS MATTERS

The primary purpose of the agreement is to help ensure that workers on international assignment from one country to the other will not pay double social security taxes. This can help to mitigate the costs of France-to-China and China-to-France international assignments.

Also, this agreement fosters the principle of reciprocity in respect of benefits accrued by employees who are posted to the other country by their employers. This should help employees trying to decide whether to take an assignment to France or to China to make a positive decision to take the assignment, assured in the knowledge that the social security contributions they make in the one country where they are working on assignment will be added to the period of contributions in their home country for purposes of determining entitlement to benefits.

In general, the existence of an in-force agreement can help enhance commercial and economic activities between France and China.

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## Context

All French workers currently working in China must contribute to the local Chinese social security system. Similarly, all Chinese workers in France must contribute to the French social security system. This situation means that employees may pay double social security taxes, which can increase the costs of China-to-France and France-to-China international assignments.

## The Agreement

The agreement concerns employees and freelance individuals, their family members and survivors.

The general rule under the agreement is that the legislation of the work location will apply. By exception, the agreement indicates that individuals can remain in the home-country social schemes for retirement and unemployment insurance. Other contributions that are part of the social security scheme would nonetheless be due in the host country.

The conditions of application of the agreement will be stated in an administrative arrangement document.

### Exemption from Social Security Contributions in the Host Country

Employees of one country posted by their employer on assignment in the other country may be exempted from social security contributions in the host country for a period of up to five years. However, such an exemption can be availed only after obtaining a Certificate of Coverage (CoC) from the respective social insurance authorities in the home country.

### Totalization of Contribution Periods and Export of Benefits

The period of service rendered by an employee in the host country will be taken into account for the purpose of eligibility requirements under the respective social security scheme in the home country, subject to certain conditions.

### Export of Benefits between France and China

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

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## FIDAL NOTE

This agreement is not in force yet since the ratification process must be completed. It may take several months prior to its coming into force.

The text is not yet published and all information can be provided by the body known as “Centre des Liaisons Européennes et internationales de sécurité sociale (CLEISS),” a public French administrative institution funded chiefly by the French social security schemes, that acts as a liaison body between French and foreign social security institutions for the application of European regulations and bilateral and multilateral social security agreements.

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## FOOTNOTE:

1 See CLEISS (mentioned in the FIDAL Note above) at <http://www.cleiss.fr/>.

For an announcement (in French) of the signing of the agreement on the Web site of the French embassy in the PRC, click [here](#).

## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with Fidal Direction Internationale in France:



**Gérôme Gbaya**

**Partner**

Tel. +33 (0) 1 55 68 16 97

[Gerome.Gbaya@fidal.com](mailto:Gerome.Gbaya@fidal.com)



**Sophie Fischel**

**Manager**

Tel. +33 (0) 1 55 68 14 42

[Sophie.Fischel@fidal.com](mailto:Sophie.Fischel@fidal.com)

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