

GMS Flash Alert

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United States - Now Accepting Certificate of Coverage Applications for Brazil

The United States Social Security Administration (SSA) has begun accepting Certificate of Coverage applications for U.S. workers who are temporarily working in Brazil, under the U.S.-Brazil Social Security Totalization Agreement, which entered into force on October 1, 2018.¹ Applications can be submitted online at the SSA website.²

WHY THIS MATTERS

The Certificate of Coverage serves as proof that the employee and employer are exempt from the payment of social security taxes to the host country. Having an international assignee liable for social security in only one country, rather than two, can help organizations keep their international assignment costs down. Now that the SSA is accepting requests for the Certificate of Coverage for U.S. individuals going to work in Brazil – in writing as well as online – it is in employers' (and their employees') interests to apply for the Certificate as soon as possible.

Advantages of the U.S.-Brazil SSTA

The new Social Security Totalization Agreement ("SSTA") between the United States and Brazil prevents double social security tax by specifying which of the two countries has jurisdiction. Previously, Brazilian workers in the United States were subject to U.S. social security tax ("FICA"), even if in the U.S. only temporarily, while they might also be subject to Brazilian social security tax on the same wages. Conversely, a U.S. employee of a U.S. entity was subject to FICA while working in Brazil, although Brazilian social security tax might also apply.

Under the SSTA, in general, the country where the service is performed has exclusive right to assess social security tax on the earnings associated with that service. However, if a worker is sent by his employer in one country to work in the other for a period of no more than five years, that worker will continue to be subject to his home country social security tax, and will be exempt from the tax of the host country.

In that case, the worker's employer should obtain a Certificate of Coverage from the home country social security authorities to validate the host country tax exemption.³ The SSTA includes transitional rules that allow a worker already present in Brazil a full five years of coverage, regardless of how long the person has already been present there.

KPMG NOTE

The employer (or if self-employed, the taxpayer) can apply for the Certificate of Coverage in writing (the request can be sent via fax or by mail to the SSA's Office of International Programs in Baltimore, MD). As noted above, the employer can also request the Certificate of U.S. Coverage over the Internet using a special online request form available at <https://opts.ssa.gov>. Social Security Administration officials have indicated that this is their preferred method and is likely to result in faster approval.

FOOTNOTES:

1 For prior coverage, see the following issues of GMS *Flash Alert*: [2018-109](#) (August 22, 2018) and [2018-096](#) (July 10, 2018).

2 Go to: <https://opts.ssa.gov>. Applications can also be submitted by fax or post.

3 Detailed explanations of the U.S.-Brazil SSTA as well as all other U.S. SSTAs in effect, with the full text of each agreement, can be found at: https://www.ssa.gov/international/agreement_descriptions.html.

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