

# GMS Flash Alert

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## Switzerland – COVID-19: Extension of Flexible Social Security Rules with Other Countries

COVID-19 is a long-term pandemic with extensive implications on the global workforce. Based on the Free Movement of Persons Agreement, Switzerland is in close communication with its counterparts in the European Union (EU)/European Free Trade Association (EFTA) to coordinate the application of social security rules in a cross-border context during the pandemic.

In this regard, Switzerland has mutual agreements – largely informal, agreed policy decisions amongst the competent authorities, rather than formal, officially-issued texts – with different EU countries to apply a certain degree of flexibility in terms of the regulations on social security coordination. An overview of the current status of such agreements is provided below.

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### WHY THIS MATTERS

The flexibility shown by the social security authorities in Switzerland and elsewhere should bring welcome relief to frontier workers, cross-border workers, and international assignees (and their employers) who may have been anxious about the continuing effect of the coronavirus pandemic on their work-from-home arrangements in terms of the application of existing social security regulations. The flexible application of the rules and agreements arrived at by social security authorities in and across many countries will temporarily “normalise” these workers’ situations with the extended application of the rules as if the worker were to still be working in the country-of-work but for the coronavirus pandemic.

Coordination of social security during the pandemic is relevant to help ensure that employees do not face double contributions or social security gaps in the future.

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## Context

The measures taken to protect public health – for example, as travel restrictions, lockdowns, and increased work-from-home orders – meant that many cross-border commuters did not travel to their place of work, but returned to and/or stayed in their home country working from home. This change in work patterns could also have an impact on the social security regime covering these workers.

Under consideration of the wider consequences of COVID-19 on the workforce and to reduce the impact on employees' social security status, in a spirit of pragmatism and under consideration of the exceptional circumstances, the member states of the EU/EFTA agreed to apply a more flexible approach to the social security coordination rules for the duration of the pandemic. Switzerland and other EU countries came to an understanding that the international social security rules between the EU / EFTA countries should be interpreted flexibly and consequently not lead to a change in the social security regime of cross-border workers because of the public health emergency.<sup>1</sup>

The flexible understanding of the international social security rules amongst the EU and EFTA countries is subject to continuous review and is expected to end with increasing normalisation of the situation.

## Overview of Mutual Agreements between Switzerland and EU / EFTA Countries

Country	Application of flexible social security regulations	Current validity	Extended validity* *as of 26 Nov. 2020
Germany	Yes	31.12.2020	30.06.2021
France	Yes	31.12.2020	30.06.2021
Italy	Yes	31.12.2020	30.06.2021
Austria	Yes	31.12.2020	30.06.2021
Other EU/EFTA countries	Yes, unilateral agreement from a Swiss perspective, but no fixed agreements in place	31.12.2020	31.12.2020

Source: KPMG in Switzerland

## Coordination Rules during COVID-19 with Countries under Totalisation Agreements

People subject to a totalisation agreement between Switzerland and the other country do not face changes in social security even though they are not able to be physically present in Switzerland due to COVID-19 on a temporary basis.

At the moment, no information is available as to when the flexible application of regulations might end.

## Special Cases

### a) *United Kingdom*

EU Regulation 883/2004 (Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems (Text with relevance for the EEA and for Switzerland)) applies between the U.K. and Switzerland until 31 December 2020. Unilateral flexibility rules in general apply between Switzerland and the United Kingdom until 31 December. With Regulation 883/2004 ceasing to apply after 31 December 2020, the British and Swiss authorities are in communication to determine the application of new rules from January 2021.

### b) *USA*

In cases where an individual was subject to the totalisation agreement when flexible measures were announced, their social security status should not change due to the COVID-19 stay-at-home/no travel measures. Switzerland will unilaterally apply flexibility in terms of the rules. For remote hiring of new employees, the U.S. may apply U.S. social security on U.S. work-days if employees are working exclusively from their homes in the U.S. during the COVID-19 pandemic. For business trips to Switzerland, a split between U.S. social security contributions and Swiss social security contributions would be necessary.

## Countries without a Totalisation Agreement with Switzerland

According to Swiss national law, people who are working in Switzerland are subject to Swiss social security. People who are temporarily working from home due to COVID-19 in a country with which Switzerland does not share a social security agreement, remain subject to Swiss social security.

For remote workers, Swiss social security law applies to all social insurances with the exception of Swiss health insurance coverage.

## FOOTNOTE:

1 For additional information (in German (also available in French and Italian)), see the following webpages for the *Bundesamt für Sozialversicherungen (BSV)*:

[Coronavirus: Auswirkungen auf die Sozialversicherungen im internationalen Kontext \(admin.ch\)](#)

<https://www.bsv.admin.ch/bsv/de/home/sozialversicherungen/int/grundlagen-und-abkommen/int-corona.html> .

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## Contact us

For additional information or assistance, please contact your local GMS or People Services professional or one of the following professionals with the KPMG International member firm in Switzerland:



### Stephen Turley

Tel. +41 58 249 54 21

[stephenturley@kpmg.com](mailto:stephenturley@kpmg.com)

**The information contained in this newsletter was submitted by the KPMG International member firm in Switzerland.**

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