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Agreement on social security with the Republic of Hungary comes into force on 1 April 2013

In brief

India signed a bilateral agreement on social security with Hungary on 4 February 2010. Recently, the Employees' Provident Fund Organization (EPFO) notified that it would come into force on 1 April 2013¹.

The key features of the agreement are as follows:

General

- The agreement will apply to all who are, or have been, subject to the legislation of either of the contracting states (India or Hungary) and others whose rights are derived from such persons (i.e. dependants and survivors).
- Workers who are deputed from India to Hungary for a period of up to five years to perform services for the same employer will be required to make social security contributions only in India, and vice versa. However, this provision will also apply to employees who are sent by their employer to its affiliated or subsidiary company in the other contracting state (India or Hungary) without concluding a separate labour contract.

¹ HO No. IWU/7(10)2008/Hungary/9829 dated 29/08/2013

- This provision will also apply in cases where workers are deputed from one country (India or Hungary) to a third country and are subsequently deputed from the third country to India or Hungary.
- To be exempt from contributing to the host country's social security programme (i.e. schemes covered in this agreement), eligible individuals need to obtain a Certificate of Coverage from the social security authorities in the home country,
- A person who works as an employee of one contracting state (India or Hungary) will be subject to the legislation of that contracting state (India or Hungary). Further, a person who works in the territory of one contracting state (India or Hungary) without being an employee and pursues gainful employment will be subject to the legislation of that contracting state (India or Hungary).
- Sailors and employees of the aircraft crew of an enterprise, operating international transport services for passengers or goods, having a registered office in the territory of India will be subject to the legislation of India. The same rule applies to Hungary.
- A person who works as an employee on board a ship flying the Indian flag will be governed by the social security legislation of India. The same rule applies to persons working aboard ships flying the Hungarian flag.

Payment of benefits abroad

- There will be no restriction under Indian or Hungarian legislation for entitlement to, or payment of, benefits of a person solely because that person resides outside the contracting states.
- Where any provision is introduced to restrict the exchange of currencies in either country, the governments of both countries will immediately consult on measures necessary to ensure payment under the agreement.

Totalisation of the period of coverage

- The Agreement will not create any entitlement to benefits in respect of any period prior to its enforcement.

Conclusion

The agreement with Hungary is the ninth agreement signed by India. Other agreements have been signed with Portugal, Austria, Finland, Czech Republic, Canada, Sweden, Japan and Norway. One can expect these agreements to come into force in the near future.

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