

Agreement on Social Security with Austria enters into force on 1 July 2015

July 10, 2015

In brief

India signed a bilateral agreement on Social Security (the agreement) with Austria on 4 February 2013. Recently, the Employees Provident Fund Organisation (EPFO) [has notified](#) the date of entry into force of the agreement as 1 July 2015.

In detail

The salient features of the agreement are summarised below:

General

- The agreement shall apply to all persons who are, or have been subject to, the legislation of either of the contracting states (India or Austria) and others who derive rights from such persons.
- Workers who are posted by their employer from one country (India or Austria) to the other country (Austria or India) for a period of up to 60 months to perform services on its account, shall be governed by the legislation of the sending country (India or Austria), and are required to make social security contributions in the sending country only.
- However, persons who are employed with an air transport organisation which has its place of

business in the territory of other country (Austria or India) will be required to make social security contributions only in the sending country (India or Austria) without reference to the 60-month time limit.

- This provision will also apply in cases where workers are deputed by their employer from one country (India or Austria) to a third country, and are subsequently deputed from the third country to India or Austria, as the case may be.
- An employee or a self-employed person working in the territory of a contracting state (India or Austria) shall be subject to the legislation of that contracting state. For employed persons, this shall continue to apply even if his/ her employer's place of business is in the territory of the other contracting state (Austria or India).

- 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 and *vice versa*.
- An Indian employed by the Government or other public employer sent to perform services in Austria shall be subject to the legislation of India, and *vice versa*.

Exportability of benefits

- The same benefits shall be awarded where the nationals of a contracting state (India or Austria) stay or reside in the other contracting state (Austria or India), or reside outside the territories of either of the contracting states (India or Austria).
- The contracting states (India or Austria) shall not reduce or modify the benefits of the beneficiary on the ground that he/ she resides in the other contracting state (India or Austria).

Totalisation of period of coverage

- The agreement provides for totalisation of period of coverage where the period of contribution in one country (India or Austria) will be included in the period of contribution in the other country for determining the eligibility for benefits under the social security schemes of India or Austria, as the case may be, provided they do not overlap.
- Period of coverage completed in third country with which the concerned contracting state (India or Austria) has a similar SSA, will be included for determining the eligibility for benefits.
- If the total duration of the periods of coverage in a contracting state (India or Austria) is less than 12 months, and no right or benefit exists, no benefit will be provided under the legislation of that contracting state.
- A person is entitled to withdraw the money from the Indian Provident Fund on cessation of employment with the establishment and on leaving India, or not being employed in an establishment. Similarly,

early withdrawal from Pension Scheme is also permissible provided the requirement of eligible service for monthly pension is not fulfilled after including the period of totalisation, as provided in the Agreement.

Payment of benefits abroad

Payments shall be made in the currency of either country (India or Austria). Any restriction on making payments in foreign currency shall be resolved by measures necessary to ensure payment.

Transitional provisions

- This Agreement shall not establish any entitlement for payment of a benefit for a period before its entry into force.
- Any period of coverage completed under the law of the contracting states (India or Austria) before the date of entry into force of this Agreement shall also be taken into account to determine a right acquired under this Agreement.
- Where persons were sent to a contracting state (India or Austria) before the date of entry into force of this Agreement, the period of employment shall be considered to begin on the date of entry into force of this Agreement.

The takeaways

The Agreement with Austria is the 14th agreement to become operational. This will facilitate the movement of employees and professionals between India and Austria by eliminating double contribution and/ or providing the benefit of exportability of social security benefits, and totalisation of period for determining the eligibility for pension benefits.

Other agreements already signed with Canada, Japan, Portugal and Australia are also expected to enter into force in the near future.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact:

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