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# ***Singapore citizens covered under India-Singapore CECA excluded from contributing to social security schemes in India – EPFO clarifies***

March 16, 2017

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## ***In brief***

The Employees Provident Fund Organisation (EPFO) has recently issued an internal directive<sup>1</sup> to its field officers to consider Singapore citizens as excluded employees for contribution to Indian social security schemes, provided they are covered under the India-Singapore bilateral comprehensive economic agreement (CECA) and are contributing to the social security system of Singapore.

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## ***In detail***

The definition of ‘excluded employee’ was amended in May 2012 to cover international workers coming from a country with which India has entered into a CECA prior to 01 October, 2008, provided that the CECA contained a clause on social security. Accordingly, such international workers are excluded from contributing to the Indian social security schemes, provided they are contributing to their home country social security system, as either a citizen or resident of the home country.

The CECA between India and Singapore has been effective from 01 August, 2005, and therefore, Singapore citizens who are working in India as ‘temporary workers’ qualify as excluded employees and are

not required to contribute to social security schemes in India, provided they are contributing to the social security system in Singapore.

However, in the absence of clear guidelines, field officers were not taking due cognizance of the provisions relating to excluded employees, and were insisting that these employees and their employer in India contribute to Indian social security schemes.

The EPFO has now issued internal directives to its field officers to not insist such employees to contribute to Indian social security schemes.

## ***The takeaways***

The directives issued by the EPFO are a welcome step. There may be international

workers from Singapore who, though they qualified as excluded employees, contributed to Indian social security schemes in the past on the insistence of the field officers. With these clarifications, although such international workers may not contribute in future to Indian social security schemes, it is not clear what would happen to their past accumulated contributions, and whether such employees would be able to withdraw the accumulated balance immediately or on a later date. A clarification in this regard would be useful for such employees.

## ***Let’s talk***

For a deeper discussion of how this issue might affect your business, please contact your local PwC advisor.

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<sup>1</sup> [http://epfindia.com/site\\_docs/PDFs/Circulars/Y2016-2017/IWU\\_SpProvision\\_Singapore\\_20803.pdf](http://epfindia.com/site_docs/PDFs/Circulars/Y2016-2017/IWU_SpProvision_Singapore_20803.pdf)

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