

India: New procedures to extend certificate of coverage beyond period in social security agreement

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In brief

The Employees Provident Fund Organisation (EPFO) in a recent [notification](#) prescribed the procedure for issuing a certificate of coverage (COC) for a term beyond the stipulated period provided in the social security agreement (SSA) between India and other countries. It also prescribed the procedure for extending beyond the term stipulated in the SSA, CCAs that have been issued by the home social security authorities of the foreign national coming to work in India. These new procedures are a welcome development for employers with mobile workers.

In detail

Background

The COC (also called a detachment certificate) is a certificate issued to an international worker (IW) by his or her home social security authorities that exempts the IW from contributing to the social security in the host country as long as he or she is contributing to their home social security system.

The COC is issued for a period specified in the SSA between the relevant home and the host social security authorities, and is valid for the period specified in the certificate.

New procedures

Until recently, there was no procedure prescribed by the EPFO for issuing COCs beyond the period specified in the SSA. However, the EPFO now has prescribed the following procedure:

- The process is initiated by filing a joint application (from employee and employer) with the Regional Office (RO) of the EPFO in the establishment jurisdiction.
- This application is then forwarded by the concerned RO to the EPFO head office (HO) with their recommendations based on

the provisions of the SSA for the country where the applicant is going to work.

- Regional Provident Fund Commissioner I – IWs Unit (RPFC-I, IWU) shall forward the request to the competent institution/authority of the SSA country, and on receipt of their consent, instruct the jurisdictional RO to issue the COC for such extended period. The EPFO has prescribed that for all issues relating to cancellation, amendment, or extension of the COC, the original authority of the concerned RO that issued the COC shall be the competent authority.

In addition to the above, the EPFO also has prescribed the procedure for providing consent for extension of the COC issued by the home social security authority of the IW coming to work in India beyond the period specified in the SSA between such foreign country and India. The EPFO has provided that in such cases the concerned RPF of the RO shall be the competent authority to decide if consent should be granted to the extension request. The procedure is as follows:

- To consider such request, the application received by the IWU unit of the EPFO HO from the competent institution/authority of the SSA country shall be forwarded to the respective RO under whose

jurisdiction the establishment is located where the foreign national is working. When examining the case, the RO shall provide their comments and recommendations to the EPFO, HO.

- Based on recommendations of the concerned RO, the IWU cell of the EPFO HO shall convey the decision of either approving or rejecting the request to the competent institution/authority of the concerned SSA country.
- For purposes of coordinating with the competent authorities or institution of foreign SSA countries, the RPF-I, IWU of the EPFO HO shall be the nodal officer.

The takeaway

Facilitating the extension of social security benefits beyond the prescribed period under the relevant SSA is a welcome move. Generally, long turnkey projects require skilled resources for an expanded duration and the extension of social security benefits using COCs for the expanded period will help organizations to retain such skilled resources at competitive prices.

Although the extension of the COC period depends on the mutual concurrence and agreement between the countries, these new procedures will likely help promote employee mobility for a longer duration.

Let's talk

For a deeper discussion of how this issue might affect your business, please contact your PwC Global Mobility Services engagement team, or the following professionals:

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