

India and Canada sign Social Security Agreement

31 December 2012



India has recently signed a Social Security Agreement (SSA) with Canada. The Ministry of Overseas Indian Affairs (MOIA) has released the text of SSA between India and Canada. India has also signed SSAs with Belgium, Germany, Switzerland, France, Luxembourg, Netherlands, Hungary, Denmark, Czech Republic, Republic of Korea, Norway, Finland, Japan and Sweden. Such SSAs generally help employers and their mobile employees in avoiding double social security contributions.

Key benefits of the Agreement

The SSA between India and Canada envisages the following benefits:

Exemption from Social Security Contribution in the host country

- Employees posted to the host country for short term contracts upto 5 years will not be required to pay social security contribution in host country if they continue to make social security contribution in home country and obtain a Certificate of Coverage ('COC') to that effect.

Totalization of contributory periods

- The period of contribution in home country will be added to the period of contribution in the host country for determining the eligibility of social security benefits provided that the periods do not overlap.
- The periods under the legislation of a third country shall also be creditable periods if the third country has an SSA with both India and Canada containing totalization clause.

Export of Benefits

- No reduction, modification, suspension or cancellation of payment of benefits solely because the person is in the territory of the other Contracting State (India or Canada)
- The above benefits will be available even when a person resides in a third country.

Our Comments

The signing of the India – Canada SSA is a welcome step as it will result in cost savings and social protection of migrant professionals in respect of deputation arrangement for employees, which in turn would lead to increase in economic activity between the two countries. The actual provisions of the SSA will have to be examined in detail to analyse the benefits, compliances and regulations laid down by the said SSA.

Companies that have assignees posted to India / Canada may start reviewing their assignment policies to avail benefit under the India – Canada SSA when it enters into force.



Source:
http://moia.gov.in/writereaddata/pdf/SSA_India_and_canada.pdf

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