

FOCUS ON

Social security for UK employees working abroad

The basic rule in social security is that you pay contributions where you work. However, this rule is sometimes modified when an employee is sent to work in a different country. The social security position depends on the facts and circumstances of each case, including the work location and whether the employee is contractually employed by the home country employer or a new employer in the host country.

Which rules apply?

For UK social security purposes, the world can effectively be divided into three regions:

1. Countries in the European Economic Area (EEA) and Switzerland:

European Community social security rules will apply. For a current list of EEA countries see: <https://www.gov.uk/eu-eea>

2. Countries with which the UK has a bilateral social security agreement:

The terms of the individual agreement will apply. The UK has approximately 20 social security agreements and the current list can be found at:

<https://www.gov.uk/claim-benefits-abroad/where-you-can-claim-benefits>

3. The rest of the world:

The domestic rules of the relevant countries will apply and there is therefore no protection from a dual liability.

Depending on the circumstances you may be required to make social security contributions to just one country, to both, or to neither.

Working in the (EEA) and Switzerland

The fundamental principle under EC rules is that a person should not be subject to contributions in more than one member state at any one time. In straightforward cases, you pay social security contributions in the country where you work. Your employer's liability always follows your personal liability so that employer and employee contributions are payable to the same country.

If you live and work in different countries (international commuters), or if you regularly work in more than one country, there are specific rules to determine which country's social security laws apply and you should seek further guidance.

If you are seconded to work in an EEA country by your UK employer for a period of up to two years, you are likely to remain subject to UK National Insurance Contributions (NIC). Your UK employer must satisfy certain conditions, as must the international assignment itself. In order to substantiate the position, your employer will apply to HMRC for an A1 document.



For secondments lasting more than two years you can apply to remain in your home country scheme on an exceptional basis but the authorities of the relevant countries are not under any obligation to grant such exceptions. You are therefore likely to pay contributions in the host country for the duration of your secondment.

Working in countries with bilateral agreements

Bilateral agreements serve to prevent a double liability to social security contributions for any given source of income. The terms of each agreement differ so it is important to check the specific rules. However, the common results are as follows:

- if you work for an employer in a bilateral agreement country you will generally pay contributions in that country and you will be exempt from UK NIC
- if you are temporarily seconded to work in a bilateral agreement country by your UK employer, in many cases you will remain liable to UK NIC and you will be exempt from paying contributions in the host location. This outcome is dependent on the length of the assignment. In order to substantiate the position, you and your employer must complete and submit an application form to HMRC. Your employer should be able to guide you through this process.

Working in a rest-of-the-world country

If you work abroad for a foreign employer then there is generally no liability to UK NIC because your employment is not connected to the UK. However, if you are seconded to work abroad for your existing employer, there may be an on-going liability to UK NIC for the first 52 weeks. The 52-week liability will apply if you meet all of the following conditions:

- you were living in the UK immediately before starting work abroad
- your employer has a place of business in the UK
- you are ordinarily resident in the UK

Under no circumstances should there be a UK NIC liability after the 52nd week spent working in a rest-of-the-world country.

Place of business

The bar is set very low for an employer to have a “place of business” in the UK. Broadly, if the employer operates from a fixed address and carries out business activity of any description then there is a place of business for social security purposes.

Ordinarily resident

You are ordinarily resident in the place where you have a settled and regular mode of life. For example, you are ordinarily resident in the UK if you normally live in the UK other than for temporary or occasional absences. Your ordinary residence status for social security purposes bears no relation to your residence status for tax purposes. All relevant facts and circumstances are taken into account.

Voluntary contributions

Once you are no longer liable for Class 1 NIC you may choose to make voluntary contributions. There are two types of voluntary contribution: Class 2 or Class 3 NIC. Most individuals do not make voluntary contributions, however this is your own personal decision and we cannot advise whether this might be beneficial in individual cases. If you are concerned about your entitlement to benefits such as the state pension and bereavement benefits you can find out more at

<https://www.gov.uk/voluntary-national-insurance-contributions>.

Contact us

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