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## GES NewsFlash

# The Netherlands – Social Security Treaty between India and the Netherlands

**December 11, 2009**

### Summary

In October 2009, the governments of the Netherlands and India signed a social security treaty that covers many of the social security issues that can arise when employees work abroad. Similar treaties apply for other countries. Recently, the content became available. The treaty will become effective in the near future (probably in the autumn of 2010) and provides several rules with regard to the allocation of the applicable social security legislation (either India or the Netherlands).

### Effect of the treaty

The treaty applies to any individual who has been - or currently is - subject to Dutch or Indian social security legislation. So, application of the treaty does not require an individual to have the Indian or Dutch nationality. The main purposes of the treaty are to allocate the applicable social security legislation, prevent double or no coverage, and to be conducive to employees' continued participation in the social security system of their home country during the second period.

### Main rules of the treaty

The general rule is that individuals are subject to the social security legislation of the country where they work. This means that a person and/or the employer pay(s) social security contributions in that country only. There are several exceptions to the general rule. The main exception is that if an employee is temporarily seconded abroad (less than 5 years) while the employer remains in the home country, the legislation of the home country continues to be applicable.

#### **Deloitte's View**

The economic activities between India and the Netherlands are still increasing. The treaty will facilitate companies when seconding employees. Also, it might

## People to Contact

If you have any questions concerning the issues in this GES NewsFlash, please contact one of the tax professionals as follows:

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