Social Security Agreement Between

Australia and India

A Social Security Agreement between Australia and the Republic of India was signed in Canberra on 18 November 2014.

**When will the new Agreement start?**

The Agreement is expected to commence in July 2015, subject to completion of the necessary treaty, legislative and administrative processes in both countries.

#### What benefits will be covered under the Agreement?

For Australia, the Agreement covers Age Pension. For India, the Agreement covers old-age and survivors’ pensions for employed persons and Permanent Total Disability pension for employed persons.

#### Why do we have Social Security Agreements?

The Social Security Agreement between Australia and India will coordinate the two countries’ social security schemes to provide better retirement income coverage for people who have moved between the two countries.

People who have lived in more than one country often find that, when they claim a pension, they do not have enough residence or contributions under a social security scheme to qualify for payment. This can mean they have insufficient income for their needs.

#### To help overcome this problem, a network of social security agreements has been set up within the international community.

One of the key elements in these agreements is that the partner countries broadly share the responsibility for social security coverage. If a person has lived and worked in more than one country, then it is fair that those countries share the responsibility for supporting that person through pension payments.

Agreements help many people to receive a part pension from one or both countries, which they would not otherwise receive. It is an important principle that Agreements do not take away existing entitlements.

The Agreement with India is similar to the agreements Australia already has with Austria, Belgium, Canada, Chile, Croatia, Cyprus, Czech Republic, Denmark, Finland, Former Yugoslav Republic of Macedonia, Germany, Greece, Hungary, Ireland, Italy, Japan, Korea, Latvia, Malta, The Netherlands, New Zealand, Norway, Poland, Portugal, Slovak Republic, Slovenia, Spain, Switzerland and the USA.

#### What will Australia do under the Agreement?

To qualify for an Australian Age Pension people usually need to be Australian residents and in Australia on the day a claim for pension is lodged, and they usually must also have at least ten years Australian residence.

The Agreement modifies these rules so that:

* Australia will treat someone who is resident in India as being a resident of Australia and present in Australia, so that the person can lodge a claim for Australian Age Pension;
* Australia will add the person’s periods of insurance in India (accrued after the Agreement starts) to his or her Australian residence so that the person can meet the minimum residence requirements to get an Australian Age Pension;
* Australia guarantees to pay Age Pension indefinitely in India, provided the person remains otherwise entitled to receive it.

#### What will India do under the Agreement?

India guarantees to pay its old age and survivors’ pensions and Permanent Total Disability pension into Australia indefinitely. Generally, without the use of the Agreement, the Indian pensions are not payable abroad.

Under the Agreement, people will also be able to add their periods of Australian Working Life Residence (accrued after the Agreement starts and before the person reaches Indian retirement age) to their periods of insurance under the Indian system in order to qualify for Indian pension.

## **How are pensions calculated under the Agreement?**

# Australian pensions

People who live in Australia but do not have ten years residence in Australia can include their Indian periods of insurance to qualify for an Australian pension, subject to the means-test. During this time (until they have ten years residence in Australia) they will be paid the normal means-tested pension rate less the amount of any Indian pension.

Australian pensions in India will be based on the person’s period of ‘Australian Working Life Residence’ [this is the period between age 16 and Age Pension age]. A full pension, subject to the means-test, is payable to a person with 45 years ‘Australian Working Life Residence’. For example, under the Agreement, a person who has lived in Australia from age 30 to age 50 (ie 20 years) may, at pension age, be paid 20/45ths of a means-tested Australian Age Pension in India.

# Indian pensions

The amount of Indian pension payable will be determined under the legislation of India, and is based on the periods of insurance completed in the Indian pension scheme.

**Double Superannuation Coverage**

The Agreement between Australia and India also includes provisions that avoid double coverage. Double coverage can arise where an employee is sent temporarily from one country to the other to work and compulsory superannuation (or equivalent) contributions are required under the laws of both countries for the same work. The Agreement provides that, in these situations, the employer/employee will generally only be subject to the legislation of their home country.

For example, where an employer sends an employee from Australia to work temporarily in India, and double coverage would arise, the Agreement provides that the employer will instead only be required to make Australian Superannuation Guarantee contributions and will be exempt from making contributions under Indian law. Equivalent provisions apply for an Indian employee seconded to work in Australia. This aspect of the Agreement will be administered by the Australian Taxation Office.

**Where can i find more information?**

The text of the Agreement can be found on the [Department of Social Services](https://www.dss.gov.au/about-the-department/international) website at: https://www.dss.gov.au/about-the-department/international.

Or you can write to:

Manager

Eligibility and Participation Policy Branch

Department of Social Services

Canberra Business Centre ACT 2610