

SOCIAL SECURITY AGREEMENT BETWEEN AUSTRALIA AND ESTONIA

A Social Security Agreement between Australia and the Republic of Estonia was signed in Tallinn on 14 September 2015.

WHEN WILL THE NEW AGREEMENT START?

The Agreement is expected to commence in 2018, 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 Estonia, the Agreement covers old-age and survivors' pensions for employed persons.

WHY DO WE HAVE SOCIAL SECURITY AGREEMENTS?

The Social Security Agreement between Australia and Estonia 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.

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 Estonia 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 Estonia to his or her Australian residence so that the person can meet the minimum residence requirements to get an Australian Age Pension.

WHAT WILL ESTONIA DO UNDER THE AGREEMENT?

Estonia will allow people living in Australia to claim Estonian pensions. Under the Agreement, people will also be able to add their periods of 'Australian Working Life Residence' (periods of permanent residence between the age of 16 and age pension age) to their periods of insurance under the Estonian system in order to qualify for Estonian pension.

HOW ARE PENSIONS CALCULATED UNDER THE AGREEMENT?

Australian pensions

People in Australia who do not have ten years qualifying residence can include their Estonian periods of insurance to qualify for an Australian pension, as long as they have at least 12 months Australian Working Life Residence. 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 Estonian pension.

Australian pensions in Estonia will be based on the person's period of Australian Working Life Residence.

Estonian pensions

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

DOUBLE SUPERANNUATION COVERAGE

The Agreement between Australia and Estonia 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 Estonia, 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 Estonian law. Equivalent provisions apply for an Estonian 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](https://www.dss.gov.au/about-the-department/international) is available on the Department of Social Services website at: <https://www.dss.gov.au/about-the-department/international>