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EU SOCIAL SECURITY COORDINATION RULES REVISED

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A provisional agreement reached by the European Commission, European Parliament and Council of Ministers on revised social security coordination rules provides more clarity for employers and aims to reduce cases of fraud and abuse. The terms of the proposed revisions, which leave the overall architecture and basic principles of the rules in place, are unlikely to change before final approval. Separate proposed contingency measures published in January would preserve the social security rights of EU citizens working in the UK and UK nationals working in another EU member state in the event of “no deal” Brexit.

PROPOSED CHANGES TO SOCIAL SECURITY COORDINATION RULES

The EU's social security coordination rules are a key factor in facilitating the free movement of people in the EU member states, Iceland, Liechtenstein, Norway and Switzerland, ensuring that citizens don't lose their social security protection when moving among states and pay contributions in just one country.

Here are highlights of the changes.

Self-employed people. The revisions address coverage of these individuals when they normally work in one EU member state but move to another EU country to pursue a similar activity.

Parental leave allowances. These allowances will be treated as the parent's individual right, and member states will have the option to pay them in full to both working parents. So member states that encourage the sharing of parental responsibilities will be able to remove potential financial disincentives for parents who both take parental leave during the same period.

Coordination and information exchange among national authorities. To improve information exchange, the proposal includes these provisions:

- Employers will have to inform the authority in the sending member state about all workers sent to another EU country, except workers on short-term business trips. To reduce potential fraud, sending authorities will be responsible for verifying the relevant facts.
- Employers won't be allowed to use “letter box companies” to circumvent the rules, and a list of factors will determine employers' proper place of establishment.
- The sending national authority must comply with strict deadlines for responding to a host country's request to verify a worker's documentation. National authorities will be able to refer matters of

noncompliance or inadequate replies by other national authorities to the European Labour Authority, which will be established later in 2019.

Unemployment benefits. The agreement proposes several revisions for unemployment benefits:

- Individuals will be allowed to take their unemployment benefits with them when they move to another EU country for up to six months, with possible extension for the full entitlement period.
- Frontier workers will be able to receive unemployment benefits from the EU country in which they formerly worked if they worked there for at least six months.
- Individuals must be insured in a new EU member state for at least one month before they can receive unemployment benefits in that country.

Long-term care benefits. The rules clarify which long-term benefits citizens can receive when moving to another member state. The revised arrangements define and list the long-term benefits by country.

PROPOSED UK CONTINGENCY MEASURES

Proposed contingency measures that aim to safeguard certain social security coordination arrangements for EU nationals working in the UK and to UK nationals working in another EU member state were published by the European Commission on 30 Jan 2019. The contingency measures would apply if the UK leaves EU membership on 29 Mar 2019 without having agreed to a transition period — a “no deal” scenario. In that event, EU law would cease to apply in the UK from 30 Mar 2019.

RELATED RESOURCES

Non-Mercer Resources

- [Announcement and Factsheet](#) (European Commission, 19 Mar 2019)
- [Press Release](#) (European Commission, 13 Dec 2016)
- [Background Information on Moving and Working in the EU](#) (European Commission)

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- [EU Court: Third-Country Workers Entitled to Social Security Rights and Benefits](#) (20 Feb 2019)
- [European Commission Proposes Safeguarding Social Security Rights in Brexit ‘No Deal’](#) (6 Feb 2019)

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