

Latvia-UK social security cooperation after Brexit (2/36/17)

Social security matters between EU member states are governed by Regulation (EC) No. 883/2004 of the European Parliament and of the Council on the coordination of social security systems and by Regulation No. 987/2009. Among other things, the two regulations deal with posted workers' social security issues, i.e. paying social contributions in only one member state during their posting according to an A1 certificate.

The two regulations will cease to apply to the UK from 29 March 2019, the announced date of Brexit, calling for an evaluation of Latvia's future cooperation with the UK on social security matters, i.e. whether Latvia will continue to apply A1 certificates to Latvians working in the UK. Since the National Social Insurance Agency (NSIA) has yet to issue an explanation of how Latvia will be handling this issue, let us evaluate the approach taken by other member states and explore Latvia's options.

Entitlement to social insurance in the host country

A core principle laid down by the regulations is that only one member state's social insurance legislation applies to each person, i.e. during a posting the person is subject to social insurance and pays social contributions in one member state only. For example, a Latvian person starting work in another member state has the right to take part in that country's social insurance system and to receive appropriate social security services under its national legislation.

However, the regulations provide for exclusions when a Latvian resident being posted to another member state, or working in two or more member states at the same time, may continue to pay social contributions in Latvia on their employment income gained in another member state. In practice, many people take this option and continue to pay social contributions in Latvia after taking out a Latvian A1 certificate.

After Brexit, some persons may find that their A1 certificate expires later than 29 March 2019, and so Latvia's policy on applying the regulations to the UK after this date can significantly affect Latvians working in the UK. The same applies to persons having arrived from the UK to work in Latvia. Since the NSIA has yet to issue an explanation of whether in that case the person will retain the right to pay social contributions in Latvia on their UK source income until their A1 certificate expires, or only until Brexit, it is not clear how this will affect such individuals. No explanation is available as to whether the NSIA will continue issuing A1 certificates to persons working in the UK.

We'll be seeking answers to these questions from the NSIA to keep you informed.

Other member states' cooperation with the UK on social security matters

The European Parliament and the Council have yet to provide a centralised explanation of how member states should go about applying the regulations to EU nationals working in the UK. Member states are just beginning to announce their proposed solution to this problem.

For example, the Danish Employment Ministry has instructed the Danish competent tax authorities that they should continue issuing and approving A1 certificates to Danish residents working in the UK and to UK residents working in Denmark. This means that Danish procedures for issuing A1 certificates will remain

unchanged.

In contrast, Germany has announced that the German competent tax authorities will continue issuing A1 certificates to German residents working in the UK, but those will expire on 29 March 2019.