Social security agreement with Moldova 3/23/24


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Coming into force on 1 July 2024, the Latvia–Moldova social security agreement will help the two countries work together in this field by defining how pensions, government benefits and insurance claims can be awarded and paid to persons living in Latvia and Moldova. The agreement also governs the payment of national social insurance contributions on income arising in these countries and dispenses with the need to contribute in both. This article describes how the agreement was reached and explores its key terms that are relevant to every Latvian individual that has economic or social ties with Moldova, as well as to Latvian businesses employing or planning to employ workers from Moldova after June 2024.

How the agreement was reached

After receiving candidate status from the European Council on 23 June 2022, Moldova began to gradually align its national laws with the EU legislation to meet EU requirements and become a member state. This alignment also affects employment and social policy, which must be consistent with the principles of the EU social security system.

On 5 January 2023, the Latvian and Moldovan foreign ministers emphasised the need to complete the social security agreement negotiations going on since 2014 and accelerate Moldova’s social integration into the EU. The agreement was officially signed on 13 December 2023. It was ratified by the Moldovan parliament on 1 April 2024 and by the Latvian parliament four days later.

Pensions, government benefits and insurance claims

Under article 5 of the agreement (export of pensions, government benefits and insurance claims), one country will be liable to pay pensions, government benefits and insurance claims awarded to a person in the other country whether they live in Latvia or Moldova. Thus, an individual entitled to a Latvian state pension will be able to receive it even if they live in Moldova, by applying to the Moldovan competent authority. This principle covers persons living in Latvia that are entitled to a Moldovan state pension.

National social insurance contributions (NSIC)

Under article 7 of the agreement, an individual that carries out work as employee or self-employed in either country will pay NSIC under its national law. For example, if a Moldovan tax-resident employee carries out work in Latvia for a Latvian employer, their income will attract NSIC in Latvia. So the person will not have to pay similar contributions on their Latvian-source income in Moldova.

However, there are several exclusions. An individual that is employed:

1. by a company registered in one country but carries out work and physically stays in the other country will apply NSIC on their income in the other country only.
2. by two or more companies registered in both countries will apply NSIC on their income in their country of residence.

3. by a company registered in one country and posted to work in the other country for a specified period will continue applying NSIC on their income in the first country unless the posting exceeds 24 months and the employer usually carries on business in the other country. However, the countries' competent authorities reserve the right to mutually agree and extend NSIC payments in the first country for up to 12 months if the person makes an appropriate request.

The agreement includes rules specifically applicable to employees of international transport companies and to ship crew members.

State pensions, insurance claims and funeral benefits

The agreement governs pension entitlements for insurance periods accrued in both countries. For example, if an individual does not have the required insurance period for an old-age pension in one country, their pension entitlement in this country will be determined by considering insurance periods accrued in the other country as long as they do not overlap. This principle does not apply to computing the amount of pension because only NSIC paid in the country where the person applies for a pension will be considered for this purpose.

The agreement also stipulates other cases involving social insurance services. For example, if a person working in both countries is entitled to a benefit due to an accident at work or an occupational disease, it will be awarded and paid in the country where the person was last insured. When it comes to funeral benefits, the agreement states that for a person that received a pension from one country and died in the other country, the first country will pay funeral benefit to a person so entitled under the law of this country. If the deceased person received a pension in both countries, funeral benefit will be awarded and paid under the laws of both countries.

Overall, the agreement will promote mobility on the labour market by facilitating the attraction of workers to both countries, drive economic cooperation between the two countries, and protect persons' rights and welfare.