

GMS Flash Alert



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Denmark - New A1 Certificates in Use in the EU

In October 2018, the competent Danish institution (*Udbetaling Danmark*)¹ started issuing European A1 certificates² for social security that have a new layout and new content.

It appears that the European Union (EU) member states and the European Commission have not made any announcements about the changes to the certificate even though they have been implemented.

The new certificate fills a full three pages and it can be issued according to the “main rule,” that is, to workers who reside in one country and work exclusively in another country. Thus far, the certificate could only be issued to exceptions to the main rule such as posted workers and multi-state workers, and according to special rules, for example to civil servants, flight crew, etc.

WHY THIS MATTERS

With the new A1 certificate’s enhanced scope, the administrative process for social security – including company registration and payment of contributions – for employers whose employees work in only one foreign country (often called “cross-border situations”) should be smoother.

Examples of New Uses of A1

Here are a few examples where the new A1 certificate can be issued:

1. A cross-border commuter is covered by social security in the country where she works. In order for her to access the social security system in the country where she works and to document her insurance periods in her country of residence, she can now have an A1 certificate as a documentation for her social security coverage.

Thus far, this issue has been resolved with letters and statements from the competent authorities or with some old E-forms that are not intended for this purpose.

2. When a worker moves to another country but keeps working in the country where her employer is located, she can now confirm her social security status with an A1 certificate and thereby simplify the registration process in her new country of residence. It is not unusual that authorities refuse to register new residents without documentation for their previous social security coverage. Thus far, this issue has been resolved with letters and statements from the competent authorities or with the exchange of old E-forms that are not intended for this purpose.
3. An employer who hires a worker in another European Union (EU) country and the worker works only from her country of residence, the employer can now apply for an A1 certificate for this situation. It is not unusual that both the worker and the employer meet administrative obstacles in this situation. The worker is sometimes denied access to the social security system in her country of residence because her employer is foreign. The employer, on the other hand, sometimes experiences situations where it cannot register or pay social security contributions because it is located in another country.

KPMG NOTE

There appears to be a general lack of readiness among the authorities and institutions in the EU to apply the new option in respect of the A1 certificate and not much information is available. In some countries, there can be an issue of competencies, meaning that the institution(s) that issue the A1 certificates today are not competent to determine social security in this situation. This could explain a lack of readiness to use the new A1 certificate in these countries.

Another detail we do not have clarity on is how a case will be treated if a worker has an A1 certificate for main rule (cross-border) from one country and at the same time has an A1 certificate for posting or multi-state work from another country that appoints another country as the competent state. It is possible that this issue will not be relevant since the electronic exchange of information (EESSI) is to be implemented in 2019. EESSI should make the information of any issued A1 certificates available and thereby help prevent overlapping certificates.

FOOTNOTES:

1 *Udbetaling Danmark* is the competent institution responsible for the collection, disbursement, and control of a number of public benefits, as well as the issuance of certificates of coverage. *Udbetaling Danmark* is a public institution administered by the ATP Group. For more information, see: <https://www.atp.dk/en/atp-as-an-administrator/udbetaling-danmark>.

2 The A1 certificate is equivalent to a "Certificate of Coverage" and proves the legal applicability of the social security legislation in the competent EU/EEA country or in Switzerland for mobile workers.

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Contact us

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