

GMS Flash Alert

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United Kingdom and India – Transitional Rules for the Social Security Agreement between the U.K and India

On 7 October 2026, the U.K. Social Security authority (HMRC) published further guidance through two National Insurance Manuals (NIMs) clarifying the transitional rules under the U.K.–India Double Contribution Convention (DCC), which entered into force on 15 July 2026.^{1,2,3,4}

Please see our previous [GMS Flash Alert](#) covering the details on the DCC.

WHY THIS MATTERS

The new HMRC guidance provides clarity on how individuals who were already on assignment when the DCC took effect are treated. In particular, it outlines a jointly agreed mechanism between HMRC and the Employees' Provident Fund Organization (EPFO) in India allowing certain assignees to maintain their pre-agreement position for up to 52 weeks from the start of their temporary posting. However, a formal notification from the EPFO is awaited.

Key Highlights

- **Transitional rules and pre-agreement positions:** Generally, individuals already on assignment on 15 July 2026 became subject to the host country social security legislation immediately, ending previous U.K. domestic 52-week liability or exemption. However, HMRC and the EPFO have agreed to use the exception provisions contained in Article 12 of the DCC to facilitate the transition.
- **52-week extension:** For individuals who started their assignments in the host country between 15 July 2025 and 15 July 2026, the authorities have agreed that Article 12 can be applied to maintain the pre-agreement position up to the 52-week mark from the commencement of their temporary period of work.
- **Impact on Indian assignees in the U.K.:** Indian employees who were already temporarily working in the U.K. on 15 July 2026 (having arrived on or after 15 July 2025) remain exempt from U.K. social security legislation until they complete 52 weeks in the U.K. They do not require a certificate of coverage from the Indian authorities for this transitional window and will transition to U.K. Class 1 NICs liability only after the 52-week period elapses.

- **Impact on U.K. assignees in India:** U.K. workers who were already in India on 15 July 2026 and still liable to Class 1 NICs under the domestic 52-week rule can apply to HMRC for an Article 12 exception. If granted a retrospective certificate of coverage, they can continue paying U.K. Class 1 NICs for the remainder of their initial 52-week period before shifting to Indian social security legislation.
- **Special categories:** The guidance also addresses specific rules for flight/cabin crew, vessel crew, and government/armed forces personnel operating cross-border.

While the above guidance has been issued by HMRC, from an Indian perspective, a formal notification from the EPFO is awaited.

KPMG INSIGHTS

Employers with personnel who were on assignment between the U.K. and India when the DCC took effect on 15 July 2026 should review their population against this new HMRC guidance. Assessing whether employees qualify for the Article 12 transitional exception up to the 52-week mark may be important to support appropriate payroll treatment and avoid inadvertent double contributions or compliance gaps during the changeover.

Many organizations acted swiftly in July 2026 to transition their assignment populations in line with the initial treaty text, only to find that subsequent modification provisions now permit an Article 12 transitional window up to the 52-week mark.

While this flexibility is a welcome relief for assignment continuity, the timing of the guidance means that employers who already changed their assignees' social security liabilities to the host country in July 2026 could now assess whether to unwind those changes. For affected populations, this may involve correcting payroll submissions, seeking refunds of social security contributions already paid in the host country, settling any late contributions in the home country, applying retrospectively for certificates of coverage for U.K. to India assignments, and communicating with the affected employees.

If assignees and/or their programme managers have any questions or concerns about the scope of this guidance, its application and potential impacts, they should consult a member of the GMS team with KPMG in the U.K. or in India (see the Contacts section).

ENDNOTES:

- 1 GOV.UK website, "[Agreement between Great Britain and India](#)," published on 10 February 2026.
- 2 GOV.UK website, "[Explanatory Memorandum on the Agreement](#)."
- 3 GOV.UK website, "[NIM33252 - Special Cases: India - Transitional situations - HMRC internal manual - GOV.UK](#)," updated on 7 October 2026.
- 4 GOV.UK website, "[NIM33262 - Special Cases: India - Exceptions - HMRC internal manual - GOV.UK](#)," updated on 7 October 2026.

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Contacts

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