Fact sheet
Place of residence is not the same as place of work – where are you insured?
(only applies to EU/EFTA states)

Through the Agreement on the Free Movement of Persons with the European Union (EU), its Regulation on the Coordination of Social Security Systems (EC No. 883/2004) also applies to Switzerland. The most important objectives and effects of these provisions are summarised here with reference to occupational benefit schemes:

Preventing multiple placement	Preservation of acquired claims
This will prevent multiple placement and thus double burdens for social insurance if a person does not work in the same state where he/she also lives or is simultaneously employed in at least two states (members of the EU/EFTA).	Equal treatment requirements and the prohibition of residence clauses ensure that entitlements to retirement benefits previously acquired in the respective EU/EFTA state where you have paid contributions are no longer lost.
In principle, the so-called **place of purchase principle** applies. Social security contributions (as opposed to taxes) are paid in the state where the employed activity is carried out. This always applies if the gainful activity is only carried out in a single state. Thus, the place of residence and number of employers do not play a role. One of the most important exceptions to the place of employment principle are so-called **assignments.** This is when an employer temporarily posts an employee to a state other than his/her place of business in order to perform his/her duties. During the assignment period, the social security obligation remains in force in the country responsible for assignment (employer's headquarters). The duration of an assignment is generally 2 years and can be extended to a maximum of 6 years. If gainful employment is pursued in several countries at the same time and the activity in the country of residence is deemed to be substantial (at least 25% of the workload and/or salary), the so-called **residence principle** applies**.** This means that social security contributions must be paid in the country of residence on the sum of all domestic and foreign earned income.	**Example** A person who has spent one third each of his/her working career in Switzerland, Germany and France will receive at retirement age from all three systems the corresponding proportionate retirement benefits that he/she has acquired under the respective laws. This is irrespective of the EU/EFTA state in which he/she then resides. Therefore, persons residing in EU/EFTA states may not withdraw the **compulsory part of the termination benefit of a pension fund** in cash upon termination of Swiss gainful employment; instead, this must be deposited in a vested benefits account or a vested benefits policy (only possible at a Swiss bank, insurance company or vested benefits foundation). This credit may be withdrawn no earlier than 5 years before the statutory retirement age of the Federal AHV (as at 2019: men 65 and women 64).

Case studies (CH = Switzerland / DE = Germany / FR = France)

Place of residence	Gainful employment	Compulsory social security in:
DE	100% workload non-self-employed with employer 1 in CH	**CH** (place of acquisition)
DE	30% workload non-self-employed with employer 1 in DE 70% workload non-self-employed with employer 2 in CH	**DE** (since activity at place of residence at least 25%)
CH	20% workload non-self-employed with employer 1 in CH 80% workload non-self-employed with employer 2 in DE	**DE** (since activity at place of residence below 25%)
FR	60% workload non-self-employed with employer 1 in CH 40% workload non-self-employed with employer 2 in DE	**FR** (if at least 2 employers abroad, the place of residence applies)
CH **3Y in DE**	100% workload non-self-employed with employer 1 in CH, but temporary place of work and residence for 3 years in DE	**CH** (on application, as temporary posting + return to CH)

We are an employer based in Switzerland and employ cross-border workers.
What do we need to consider?

1. If an employee who is resident abroad works for our company **for more than 75% of the time,** the employee is exclusively subject to Swiss social insurance (AHV, IV, EO, ALV, pension fund).
2. If an employee with a foreign residence works for your company **for less than 75% of the time,** it must be clarified whether the employee in question has an additional gainful activity in the country of residence. If this is the case, the materiality of this activity must be examined. The activity is considered **material** if it accounts **for at least 25%** of a full-time workload and/or of the total income. If this condition is met, the person is subject exclusively to insurance in the country of residence. In this case, social security contributions must be paid on the wage share of your company according to **the law of the country of residence.** The contribution rates can be lower or higher than in Switzerland, depending on the age of the employee.
3. Whether an **activity** is considered material **in the state of residence** is examined and decided by the **authorities in the state of residence.** If this is the case, the authority in the country of residence certifies this using the internationally recognised **A1 form.** In this context, it is recommended that the **employee takes action him/herself** and submits the application for form A1 to the competent authority. The submission of this certificate to the competent authority of the country of acquisition results in **exemption from its social security obligation.** It should be noted that you as the employer in Switzerland must deregister the employee concerned separately with the AHV compensation fund and the pension fund.

Responsible for issuing the A1 form (in FR: Determination de la législation applicable)
CH SAK, Swiss Compensation Office No. 27 in Geneva (www.zas.admin.ch)
DE DVKA, German Liaison Office for Health Insurance Abroad in Bonn (www.dvka.de)
FR CPAM, Primary health insurance fund, according to place of residence (www.ameli.fr)

4. In Germany and France, unlike in Switzerland, there is only one agency responsible for collecting all social security contributions (retirement pensions, unemployment insurance, long-term care insurance, health insurance, etc.). In the absence of an agreement to the contrary, both employer and employee contributions are charged to the employee on the part of the salary earned in Switzerland. Consequently, you as the employer pay your share to the employee. However, for liability reasons, it may be advisable to make alternative arrangements for transferring the employer's contribution directly to the foreign agency.

Responsible for the collection of social security contributions abroad
DE Relevant office of the employee's private health insurer
FR French Compensation Fund URSSAF, CNFE Department (www.urssaf.fr)