



Global Mobility Tax

Tax Topic: **Certificate of Coverage**



Are you a U.S. employer with operations in other foreign countries? Do you send employees to work temporarily overseas? If so, you & your employees may benefit from the **bilateral Social Security agreements** the United States has concluded with certain foreign countries.

These agreements, often called "**Totalization**" **agreements**, **eliminate dual Social Security taxation** when an employee from one country works in another country & is required to pay Social Security taxes to both countries on the same earnings.

The agreements **assign coverage to just one country** & exempt the employer & employee from the payment of Social Security taxes in the other country.

What are certificates of coverage?

If a Social Security agreement assigns coverage of an employee's work to the United States, the Social Security Administration issues a U.S. Certificate of Coverage. The certificate serves as proof that the employee & employer are exempt from the payment of Social Security taxes to the foreign country.

How to apply for certificates of coverage?

- employer applies for by mail or fax
- or employer uses the SSA's online tool to apply
- or GlomoTax processes the application on your behalf

Some of the advantages of Totalization agreements are:

- elimination of possible double taxation
- employee is able to stay on home country social security
- minimizes worldwide social taxes with proper planning

Upon the COC being issued, ensure a copy is kept with your

- **Host country payroll** to substantiate social tax exemption
- **Home country HR files**
- **Tax services provider** for their record

How can GlomoTax help?

1. Help analyze the situation to understand if a certificate of coverage is beneficial for the case
2. Apply for the certificate of coverage
3. Track the duration & ensure timely extension
4. Consult with your team if a certificate isn't available

CALL US TODAY FOR A FREE CONSULTATION!

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