

**EXPLANATORY MEMORANDUM ON THE CONVENTION ON SOCIAL
SECURITY BETWEEN THE GOVERNMENT OF THE UNITED KINGDOM OF
GREAT BRITAIN AND NORTHERN IRELAND AND THE GOVERNMENT OF
THE REPUBLIC OF CHILE**

Title of Treaty

Convention on Social Security between the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the Republic of Chile.

Command Paper Number 8956

Subject Matter

The purpose of the Convention is to allow employees to remain part of their home country's social security system, under reciprocal arrangements, if they are sent to work in the other country for periods of up to five years.

The Convention applies, in the case of the United Kingdom, to Great Britain, Northern Ireland, the Isle of Man, Jersey and Guernsey.

Ministerial Responsibility

The Financial Secretary to the Treasury has responsibility for the policy of the Convention and for implementing its provisions in the United Kingdom.

The Secretary of State for Foreign and Commonwealth Affairs has overall responsibility for United Kingdom policy relating to the United Kingdom's relations with Chile.

Policy Considerations

(i) General

The Convention will avoid the potential for simultaneous liability to the social security insurance schemes of both countries when UK employers send workers to Chile and when Chilean employers send their employees to the UK. In both cases, National Insurance

Contributions will be paid only to their "home" country's social security scheme as long as the period of work abroad is intended to be for no longer than five years.

(ii) Financial

The Convention provides that workers sent by an employer in one country to work in the other country for a period of up to five years will have continuing liability to pay contributions in their "home" country and not in the country of temporary employment. The effect of the Convention is therefore to preserve the social security contribution position as it was before the employee took up the temporary employment in the other country and there are no significant financial implications for employers, employees or the public finances.

Implementation

The Convention will be implemented in Great Britain, the Isle of Man, Jersey and Guernsey by means of an Order in Council to be made under section 179 of the Social Security Administration Act 1992 and in Northern Ireland by means of an Order made by the Secretary of State under section 155 of the Social Security Administration (Northern Ireland) Act 1992. Each of the Parties shall notify the other in writing, through diplomatic channels, of the completion of the procedures required by its law for the bringing into force of this Convention. This Convention shall enter into force on the first day of the third calendar month following the date of the later of these notifications.

Consultations

The Isle of Man, Jersey and Guernsey governments and the Ministry of Justice have been consulted in respect of the application of the Convention to the islands, and social security officials from those islands were involved in the preparation of the Convention.



DAVID GAUKE

FINANCIAL SECRETARY