Tax alert: India-UK Free Trade Agreement and Double Contribution Convention: Provides relief from dual social security contribution, boosts mobility

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United Kingdom and India concluded talks on Free Trade Agreement (FTA) on 6 May, 2025, after 3 years of non-stop negotiations. The said agreement gives a major fillip to Indian businesses and professionals. Along with the FTA, a Double Contribution Convention (DCC), to prevent dual social security payments, has also been concluded.

In a nutshell

Double Contribution Convention (DCC)

The FTA lays the groundwork for a Double Contribution Convention (DCC).

Currently, Indian employees temporarily working in UK are subject to contributions both under India's EPF and the UK's National Insurance system, if their payroll remains in India.

Once DCC becomes operational, it will allow individuals temporarily assigned to UK/ India, for up to 3 years, to continue paying social security contributions in home country only, preventing the fragmentation of their social security record.

Mobility for short term, temporary and limited business travel

The FTA includes provisions for business travel for professionals and short-term business visitors, covering movement for services delivery, internal transfers and conference attendance.

Indian service professionals—especially in engineering, architecture, accountancy, and consulting —will benefit from clear, predictable visa pathways and minimal procedural barriers.

Importantly, the agreement prevents either government from introducing future restrictions on agreed mobility routes.

Qualifications Recognition

As a part of FTA, India and the UK will have a professional services annex that will form a Working Group, making it easier for skilled professionals (like accountants, auditors, architects, solicitors and barristers, engineers, etc.) to work across borders.

The group will support cooperation between Indian and UK professional bodies to recognize each other's qualifications. Further, this mechanism will help reduce bureaucracy, costs, and delays for professionals seeking to practice or be employed in the UK/ India.

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Brief Background:

Free Trade Agreement ('FTA') signed between India and the UK:

The India–UK Free Trade Agreement (FTA), concluded on 6 May 2025, marks a significant milestone in the evolving economic and people-to-people relationship between the two countries. This deal is expected to boost jobs, exports and national growth.

One of the landmark outcomes of the FTA is the announcement of a Double Contribution Convention (DCC), a bilateral social security coordination framework intended to ensure that Indian employees temporarily working (up to 3 years) in the UK (and vice versa), are not required to contribute to social security systems of both countries simultaneously. Indian companies posting employees to the UK will benefit from this as it helps prevent duplication of social security contributions, maintain continuity of benefits under India's Employees' Provident Fund (EPF), and reduce the overall cost of global workforce mobility. This can lead to savings of 13% to 15% of salary per employee (equivalent to UK's National Insurance employer and employee contribution rates), which can be significant in secondments or multiple concurrent assignments.

Currently, India has signed Social Security Agreements (SSAs) with 20 countries, including Germany, France, the Netherlands. The absence of such an arrangement with the UK, India's 12th largest trading partner, had been a long-standing gap. The conclusion of this DCC addresses this critical issue.

Additionally, the FTA includes substantial provisions on temporary movement of professionals, including

— Streamlined short-term business visitor and intra-corporate transferee visa regimes.

— A Professional Services Annex to facilitate mutual recognition of qualifications in regulated highly skilled professions such as accountancy, engineering, and architecture.

The contents of this alert are based on information available online in the absence of the official copies of the FTA / DCC in public domain at the time of release.

Comments:

The conclusion of this landmark agreement will further deepen the Comprehensive Strategic Partnership between India and the UK. The FTA would catalyse trade, investment, growth, job creation, and innovation in both economies. Further, the DCC coming into effect meets India's longstanding demand to exempt their professionals from social security contributions in the UK. Indian professionals working in the UK, despite contributing to social security funds, have not been able to get the benefits once they return upon completion of their project. This positive step, now, will benefit employees and lower the cost of global assignments, simplify compliance, and ensure greater flexibility in talent deployment.

The mobility and professional services commitments made under this FTA, represent a major leap forward in India's global trade diplomacy. As the legal text is finalized and ratified, this agreement will not only promote trade in goods and services but also facilitate seamless movement of skilled professionals.

While this is a welcome development, the full benefits of the DCC and mobility provisions will depend on the implementation framework/ administrative arrangement and timelines. It remains to be seen whether the DCC will apply to ongoing assignments or only prospectively. Indian businesses should watch out this space closely and be prepared to align their mobility policies once the agreement is brought into force. However, until operationalized, employers must continue to comply with the prevailing dual contribution norms.