Frans Pennings, Utrecht

The Problem of Loss of Advantages as a Result of the Application of Coordination Rules

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I. Introduction

Bernd Schulte has spent a large deal of his working life on studying and writing on European social security law. He was one of the leading international experts in this area and produced a huge number of academic contributions to this topic and after his retirement he continued to publish articles as before. To honour this very productive scholar who died so unexpectedly I want to dedicate this contribution to him. It fits very well with his work on coordination of social security, namely the underlying legal basis of coordination law (Articles 45 and 48 TFEU) and its interpretation. The legal basis of the coordination rules is found in Article 48 TFEU, that reads that

»the European Parliament and the Council shall adopt such measures in the field of social security as are necessary to provide freedom of movement for workers; to this end, they shall make arrangements to secure for employed and self-employed migrant workers and their dependents:

(a) aggregation, for the purpose of acquiring and retaining the right to benefit and of calculating the amount of benefit, of all periods taken into account under the laws of the several countries;

(b) payment of benefits to persons resident in the territories of Member States. (…)«

Rules on coordination of social security are made in order to promote free movement of workers. These rules are laid down in Regulation 883/2004 and include rules for the aggregation of periods of work in order to be able to claim benefit and rules on the applicable legislation and on export of benefits. Within the framework of this article it is impossible to give an introduction to these rules, and also unnecessary since Bernd Schulte has already written numerous introductions on this topic. Instead I will discuss a particular problem of the free movement rules, i. e. that sometimes persons are worse off as a result of the application of the coordination rules.

Article 48 TFEU does not guarantee that a person is not worse off as a result of free movement. Mobile persons can thus be confronted by disadvantageous effects of crossing the border. For instance, if a person starts working in another country and therefore becomes subject to that country's social secu-

rity system, it may happen that s/he is confronted by higher contribution rates and/or lower benefits, or even by the fact that she is not covered for a particular risk. Another problem is that not all social security rules and advantages are coordinated by the coordination regulation. Taxes, private insurances and collective labour agreements are examples of areas where the coordination rules will (most often) not be applicable, and where as a result a mobile person may be worse off than had s/he not made use of his or her right to free movement.

However, from the words »as are necessary to provide freedom of movement«, it follows that the coordination rules must be made with the objective of ensuring free movement, and this has been confirmed in many decisions of the Court of Justice. There are so many examples of this in judgments on coordination law, that it does not make much sense to give a reference for this claim, but let us just mention one of the early judgments, the *Unger* case.[1]

I will, however, not discuss the effects of discrepancies of national systems and the limited scope of the coordination rules, since they follow from deliberate choices to restrict the power to make coordination rules and to leave the contents of the national social security to be defined exclusively by national legislature.

Instead, I will focus on the peculiar situation that persons are worse off as a result of the application of coordination rules themselves. In this situation the problem is not that the coordination rules cannot bridge the differences between national schemes, such as differences in benefit levels. Instead, the problem is that *without* the coordination rules a national system would provide for a more attractive result. In other words, the coordination rules are in these situations the problem itself.

An example of such effect is of persons living in a country with a residence scheme for a particular risk, e. g. old age benefits, who start to work in a country with a scheme that covers only persons earning more than a certain amount of euros a month. If these persons have a low paid job they are not covered by the system of that country. Since the coordination rules define the country of employment scheme as the only applicable one, these persons are not protected at all.

Strictly speaking a major reason for this problem is also that the country of employment does not provide for sufficient coverage of all workers. A solution to this problem could be that minimum directives are made on the coverage of national schemes, including the rule that there must not be a threshold in terms of working hours or wage level for being protected. Although this would not seriously infringe the autonomy of national legislatures, it can be expected that there will not be much support for such measure, as some legislatures will fear that this is a step towards harmonisation of social security. In addition they may have specific policy objectives (for instance promoting the

1 Case 75/63, [1964] ECR 369.

access of low qualified workers and workers having for other reasons a weak position on the labour market) that in their eyes justify these rules. A discussion on this issue is therefore not so fruitful and we have to concentrate on the coordination rules.

It is clear that the coordination rules contribute to the problem, since they determine that only the system of the country of employment is applicable. Without the rules the persons concerned would be covered by the system of the country of residence and then continue to acquire old age benefit rights.

In this contribution I will describe the approaches of the Court of Justice towards this problem, where coordination rules are causing problems for realizing the objective of free movement of workers. I will first discuss the landmark decision in the *Petroni* case, where the Court ruled for the first time that persons must not be deprived from their rights as a result of the application of coordination rules. Secondly I will describe how this approach has developed in the area of rules for determining the legislation applicable.

II. The Rules against Overlapping of Benefits

In the *Petroni* judgment[2] the Court decided that an article of the coordination Regulation then in force, that was meant to reduce overlapping of old-age benefits, was partially void. Under this article, Article 46 (3) of Regulation 1408/71, for old age and disability pensions calculations of benefits had to be made according to national rules and the rules of the Regulation. When the sum of the benefits calculated for each country exceeded a certain so-called highest theoretical amount, each institution which made the calculation had to adjust its benefit. Since, as a result of these rules also benefits calculated on the basis of national rules alone could have to be lowered, the Court of Justice decided that Article 46 (3) was partially void. It pointed out that the Regulations concerning the coordination of social security have as their basis, their framework and their bounds Articles 48 to 51 EEC (now Articles 45 to 48 TFEU). The aim of these Articles would not be attained if, as a consequence of the exercise of their right to freedom of movement, workers were to lose advantages in the field of social security guaranteed to them in any event by the laws of a single Member State. A limitation on the overlapping of benefits which would lead to a diminution of the rights which the persons concerned already enjoyed in a Member State by virtue of the application of the national legislation alone is therefore incompatible with Article 51 EEC, the Court decided.

Thus the ruling that the Community rule against overlapping was incompatible with Article 51 EEC was based on the consideration of the Court that the legislative powers of the Council, as derived from this Article, are limited.

2 Case 24/75 [1975] ECR 1149.

Even though, as the Advocate General pointed out, the problem in *Petroni* was in fact caused by a miscalculation of the benefits, the *Petroni* judgment has often been referred to in later case law. The coordination literature even speaks of the *Petroni* principle, meaning that Community of EU law must not infringe rights granted on the basis of national law alone.

The *Petroni* principle was also applied to types of benefits other than the contributory ones that were at stake in *Petroni*. One case was the *Dammer* case,[3] in which a lacuna was discovered in the provisions on family benefits. It appeared that the Regulation did not contain provisions for a situation in which the child resides in a State other than the States where the parents work. Mr Dammer worked in Belgium and Mrs Dammer worked in Germany whereas they both lived with their child in the Netherlands. Mr Dammer applied for family benefits in Belgium. The Court considered that as the provisions of the Regulation did not give any guidance as to where benefit could be claimed, the principles underlying Article 42 EC, the successor of Article 51 EEC, were to be considered. It referred to the *Petroni* judgment,[4] in which it held that the objectives of Articles 48 – 51 EEC (now 45 to 48 TFEU) would not be attained if employed persons, as a result of exercising their right to free movement, would be deprived of advantages in the field of social security, which are guaranteed by the legislation of the Member State where they reside. In the present case, the Court sought a solution that fitted in the system of family benefits. Another example is that under the coordination rules on family benefits, a priority system had to be developed in case one parent would receive family benefits from one country and the other from another country. Since the benefits based on employment were given priority to those based on a resident scheme, the latter were suspended. When a case was brought before the Court where the suspended benefit was higher than the benefit actually paid, the Court decided that a supplement was to be paid amounting to the difference of the two benefits, see the *Ferraioli* judgment.[5]

It is interesting that the solution found by the Court differs: in *Petroni* the disputed provision of the coordination Regulation was declared void, whereas in the family benefits' case law an additional coordination rule was made. Both judgments led to amendment of the coordination regulation.

III. The Rules for Determining the Legislation Applicable

Another area where persons can lose benefit rights as a result of the application of the coordination is that of the rules determining the legislation applicable. These rules define which national social security system applies.

3 Case 168/88, [1989] ECR 4553.
4 Case 24/75, [1975] ECR 1149.
5 Case 153/84, [1986] ECR 1401.

Rules for determining the applicable legislation have *exclusive effect.* This means that at any given time the legislation of *only one* Member State is applicable; in other words, no other legislations can be applicable.

This exclusive effect is currently laid down in Article 11 (1) of Regulation 883/2004. This Article provides that persons to whom this Regulation applies shall be subject to the legislation of a single Member State only.

The rules for determining the legislation applicable are inexorable. As a result a person may be insured under a scheme with less attractive conditions than the one of his State of origin or State of residence. This results directly from differences between national systems: the objective of the Regulation is only coordination, and not harmonisation of national social security schemes.

However, the Court has through time not been consistent vis-à-vis the question whether the exclusive effect does always mean that a person is not entitled to benefits of the system that is not applicable.

A very early judgment of the Court which dealt with the exclusive effect was the *Nonnenmacher* judgment.[6] This judgment was given under Regulation 3. In this Regulation the rules on determining the legislation applicable were not worded in a way that their exclusive effect was indisputable. In the *Nonnenmacher* judgment, the Court considered that in the absence of specific clauses, plurality of benefits under two national laws was not prevented. Article 12 of Regulation 3 did not prohibit the application of the law of a Member State other than the one on whose territory the person concerned worked, unless it compelled this person to contribute to the financing of a social security institution which did not grant any extra benefits for the same risk and the same period.

However, the wording of the successors, Article 13 of Regulation 1408/71 and Article 11 of Regulation 883/2004, makes clear that these rules for determining the applicable legislation have exclusive effect. For Regulation 1408/71 this was confirmed by the Court in the *Ten Holder* judgment.[7] Ms Ten Holder, a woman of Dutch nationality, was employed in Germany for some time. When she became ill, she was granted German sickness benefit, *Krankengeld*. At a certain moment, she returned to the Netherlands. After the maximum duration of *Krankengeld* had expired, she applied for a Dutch invalidity benefit, since she did not satisfy the qualifying conditions for a German incapacity benefit. Since the Dutch scheme was a residence scheme, she would have been entitled to this benefit on the basis of mere residence in this country, provided that that legislation was applicable. The Court held that the legislation of the State of employment, *i.e.* Germany, was to be applied in this situation. This legislation continued to be applicable until the person concerned entered employment in another Member State.

6 Case 92/63, [1964] ECR 583.
7 Case 302/84, [1986] ECR 1821.

The consequence of this interpretation was that Ms Ten Holder was not entitled to the Dutch disability benefit. The fact that she did not satisfy the conditions of the German social security provisions was irrelevant.

The Court considered (consideration 22) that this is not at variance with the *Petroni* decision to the effect that the application of Regulation 1408/71 cannot entail the loss of rights acquired exclusively under national legislation. That principle applies not to the rules for determining the legislation applicable but to the rules of Community law on the overlapping of benefits provided for by different national legislative systems. It cannot therefore have the effect of causing a person to be insured over the same period under the legislation of more than one Member State, regardless of the obligations to contribute or of any other costs which may result therefrom for that person.

However again, recent case law has followed a different approach. The *Bosmann* judgment[8] concerned a Belgian woman, working in the Netherlands, and residing in Germany. Since her two children were over the age of eighteen, they were not eligible for family benefits under the Dutch rule. To persons over this age who are students study grants are paid, but these are in principle not paid to persons not studying in the Netherlands. The question raised to the Court was whether Article 13 (2) (a) of the then coordination regulation lent itself to an interpretation which permits an employed person in Ms Bosmann's situation to receive child benefit in the State where she resides (Germany), if it is established that she cannot, because of the ages of her children, be granted such a benefit in the competent Member State (Netherlands).

The Court answered to this question that Community law does not require the competent German authorities to grant Ms Bosmann the family benefits in question. However, it added, neither can the possibility of such a grant be excluded, because under the German legislation Ms Bosmann may be entitled to child benefit solely because of her residence in Germany, which is for the national court to determine. The Court referred to the legal basis of the Regulation – Article 42 EC (now Article 48 TFEU) – which aims to facilitate freedom of movement for workers and entails, in particular, that migrant workers must not lose their right to social security benefits or have the amount of those benefits reduced because they have exercised the right to freedom of movement conferred on them by the Treaty. In the light of those factors, the Court answered that the Member State of residence cannot be deprived of the right to grant child benefit to those residents within its territory.

Although the Court considered that it did not come back from the approach in Ten Holder, the judgments are not easy to reconcile. In the *Ten Holder* judgment the Court made clear that a Member State is no longer free to pay benefits if its legislation is not applicable according to the rules for determining the legislation applicable. The facts in *Ten Holde*r and *Bosmann* case are not so different from each other that they can explain the difference in out-

8 Case C-352/06, [2008] *ECR* I-3827.

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come. In both cases the benefit authorities refused to pay benefit (otherwise there had not been a dispute).

The *Bosmann* approach is confirmed in the *Hudziński and Wawrzyniak* judgment,[9] in which the Court even seems to go further than in *Bosmann.* The case concerned two Polish nationals, who were covered by the Polish social security system, even though they worked in Germany, since they were a seasonal worker and posted worker. Under the German system non-residents having neither a permanent nor habitual residence within the national territory, who are subject to unlimited income tax liability in Germany, are entitled to family benefits. The benefit administration rejected the application for these benefits since the Polish nationals were subject to the Polish system. This case was different from the *Bosmann* judgment, since the Polish were not worse off due to the fact that they had exercised their right to free movement, since they received Polish family benefits.

The Court considered that the criterion that migrant workers not loose benefit rights or have the amount reduced as a result of making use of the right to free movement is an elaboration of the broader principle according to which provisions of the coordination Regulation must be interpreted in the light of Article 48 TFEU, which aims to facilitate freedom of movement for workers. In that context, it would both go beyond the objective of the coordination Regulation and exceed the purpose and scope of Article 48 TFEU to interpret that regulation as prohibiting a Member State from granting workers and members of their family broader social protection than that arising from the application of that regulation. The coordination regulation cannot therefore, except in the case of an express exception in conformity with those objectives, be applied in such a way as to deprive a migrant worker of benefits granted solely by virtue of the legislation of a single Member State.

The rules for determining the legislation applicable must therefore be interpreted as not precluding a Member State, which is not designated under those provisions as being the competent State, from granting child benefits in accordance with its national law to a migrant worker who is working temporarily within its territory.

We have to remark that it is somewhat misleading that the question is discussed whether a Member State is allowed to pay benefit even if it is not the competent State, since the problem was that the State concerned refused to pay the benefit. Moreover, the German system has a provision that excludes the right to family allowances when a comparable benefit is paid by another Member State.

In view of this the Court considered that exclusion from that benefit is not allowed, as it constitutes a substantial disadvantage affecting in reality a greater number of migrant workers than settled workers who have worked exclusively in the Member State concerned. Such a disadvantage appears even less

9 Cases C-611/10 and C-612/10, not yet published.

justifiable now this family benefit is financed by tax revenue and the appellants entitled to that benefit because of their unlimited income tax liability in Germany. However, it is allowed to deduct the Polish family benefit from the German one. Thus the judgment amounts to the obligation for Germany to pay the difference between Polish and German family benefits.

We can conclude that the *Hudziński and Wawrzyniak* concerned a situation in which a Member State has supplementary advantages compared to what is required by the coordination regulation. In this case the German system did not restrict family benefits to persons residing or working in Germany (which elements are addressed by the coordination regulation to the sense that Polish legislation is applicable), but these benefits are also paid to persons subject to German tax, thus extending the right to persons who could not be entitled to these by working or living in Germany. However, if a country choses to be so generous, then it is not free anymore to fully define the conditions for this benefit. As a result a country cannot exclude persons from this scheme who are entitled to family benefits from another country.[10] Therefore it has become very important for Member States to define the conditions of their schemes very precisely.

The *Franzen* judgment[11] concerned the case introduced in the first section, i.|e. of persons working in minor employment in Germany, that did not insure them for *inter alia* old age and family benefits. The case concerned several persons, some claiming family benefits, others old age benefits, all on the basis of residents schemes in the Netherlands, where they would be insured under residence schemes if the rules for determining the legislation applicable had not prevent this.

The Dutch residence schemes excluded persons subject to a foreign system: persons shall not be considered to be insured persons if, by virtue of a treaty or convention or a decision of an organisation of public international law, the legislation of another State applies to them' (*e.|g.* Article 6a of the AOW for old age benefits).

A Decree based on this act has a hardship clause, which empowers the benefit administration to derogate in certain cases from other provisions of the decree in order to deal with an unacceptable degree of unfairness which might arise from the insurance obligation or the exclusion therefrom by virtue of the decree in question.[12]

The Advocate-General considered that *Bosmann* was not applicable in this case, since Article 6a AOW explicitly excluded persons subject to another social security system from the Dutch residence scheme. Instead, he considered that although Member States have retained the power to determine their social security legislation, it is none the less true that, according to the settled

10 See also A. P. van der Mei, 'Overview of recent cases before the ECHR and ECJ (April-June 2012), *EJSS* 2012, p. 203.

11 Case C-382/13, not yet reported, ECLI:EU:C:2015:261.

12 See for the precise texts of the succeeding versions of the Decree the judgment of the Court.

case-law of the Court, such compatibility would exist only to the extent that, in particular, the national legislation concerned does not place the worker at a disadvantage compared to those who pursue all their activities in the Member State where it applies.[13] The absence of applicable legislation on social security schemes, which would enable Ms Franzen to receive family benefits and Mr van den Berg and Mr Giesen to receive an old-age pension, is one of the features of the circumstances at issue in this case. The Advocate-General considered that it is of particular interest that to look at the level of benefits granted by the legislation of the State of employment where that legislation excludes workers from the protection offered by the fundamental branches of social security. Taking account of the level of protection in order to determine the applicable legislation where that protection is virtually non-existent, such as for on-call work or minor employment, is consistent with the social progress promoted by the Treaty and that approach is to be found in recital 1 in the preamble to Regulation 1408/71, according to which 'the provisions for coordination of national social security legislation fall within the framework of freedom of movement for workers and should contribute towards the improvement of their standard of living and conditions of employment'. He therefore proposed to temporarily suspend the application of the legislation of the State of employment where its application is triggered by short-term on-call or minor employment contracts and to apply the legislation of the State of residence. That suspension should be restricted to the period during which the legislation of the State of employment maintains the exclusion of the aforementioned categories of workers from the fundamental branches of social security other than insurance against accidents at work.

This is a remarkable approach, and not so easy to apply. It would mean that also in other situations where insufficient coverage is provided, it can happen that the legislation of the State of employment is to be suspended. Who takes such a decision? The State of employment or the State of residence? And since we have always to be somewhat suspicious: wouldn't this encourage Member States to exclude more groups in minor employment from their protection?

The Court of Justice followed a different approach. It remarked that although the Dutch legislation precludes, by referring to the coordination regulation, migrant workers from being covered by the old-age pension insurance scheme of that State, the referring court clarified that, if the coordination regulation does not prevent coverage by the Dutch scheme, then it is for the referring court to disregard the exclusion clause and to apply the hardship clause provided for in the Dutch legislation in order to remedy any unacceptable unfairness which might arise from the insurance obligation or the exclusion therefrom.

The Court considered that the *Bosmann* approach is also relevant in these circumstances. For this it is sufficient that the Netherlands legislation at issue does not subject the right to child benefits to conditions of employment

13 Judgment in *da Silva Martins*, C-388/09, EU:C:2011:439.

or insurance. Consequently, leaving aside the exclusion provided for in Article 6a (b), which aims to transpose the single State principle into national legislation, the mere fact of residence in the Netherlands is sufficient for entitlement to child benefits. Second, as was the case in *Bosmann*, the facts of Ms Franzen's case do not present an overlapping of the same form of family benefit in relation to the same period of insurance.

The Court then ruled that the rules on determining the legislation applicable do not preclude a migrant worker who is subject to the social security scheme of the State of employment, who fulfils the substantive conditions for granting such benefits under the legislation of his State of residence and whose situation does not give rise to an overlapping of the same form of family benefits in relation to the same period, from receiving family benefits or an old-age pension from the latter State.

The judgment is somewhat confusing since the referring judge had not said that it would apply the hardship clause.[14] That is up to the benefit administration. Still, the judgment is relevant since the question is answered whether there is room for the benefit administration to apply the hardship clause. The benefit administration had argued that there is no such room, since the hardship follows from the coordination rules. The Court argued that this is not the case, since the coordination rules do not deprive a Member State from granting benefits.

IV. Conclusions and Recommendations

Supra I have discussed two main areas, in which the coordination rules have as effect that a person may lose benefit rights that were to be granted on the basis of national legislation alone. For this reason I did not discuss other situations, such as where the disadvantages were the result of disparities of the schemes. Also in that area we can see interesting developments, such as in the *Leyman* judgment.[15] Here, the Court did not give a final solution, but considered that where there is a difference in legislation that leads to fulfilment of the two criteria, the principle of cooperation in good faith laid down in (what is now) Article 4 (3) TFEU requires the competent authorities in the Member States to use all the means at their disposal to achieve the aim of Article 45 TFEU.

The focus of this contribution is, as was said, on different rules. The first is that of rules against overlapping; the second that of rules for determining the legislation applicable.

We saw that the aim of Articles 45 TFEU and 48 TFEU would not be achieved if, as a consequence of the exercise of their right to freedom of movement, workers were to lose the social security advantages guaranteed

14 CRvB 1 July 2013, ECLI:NL:CRVB:2013:783.
15 Case 3/08 [2009] ECR I-9085.

them by the legislation of one Member State, especially where those advantages represent the counterpart of contributions which they have paid. The Court followed different approaches to come to a solution. For old age benefits it declares the coordination rule at stake void. For family benefits it designs a requirement to pay a supplement to compensate the lower benefit. Both approaches have led to amendment of the Regulation in order to implement this case law.

In relation to the rules for determining the legislation applicable the Court has developed an approach that is less coercive for the Member States. First of all, there is no general rule that persons must not be worse off as a result of the rules for determining the legislation applicable. The case law only allows Member States to apply their own legislation. By »allowing« is in fact meant that a national court applies the national legislation or requires the benefit administration to do so, even though the authorities refuse to do so.

This approach is not very satisfactory. First of all it depends on the system of the country in question whether payment of benefit is possible. So this does not provide for a solution in other cases. Secondly it is unclear who has to take the final decision to award benefit. Is the benefit administration in *Franzen* obliged to accept hardship? And if not, does the national court have more room (or obligations) to test the decision of the benefit administration on this?

Maybe a solution lies – as is the case in *Leyman* – in a further elaboration of the principle of loyal cooperation between Member States. In the regulation this principle is elaborated in Article 16, that provides that two or more Member States, the competent authorities of these Member States or the bodies designated by these authorities may by common agreement provide for exceptions to Articles 11 to 15 in the interest of certain persons or categories of persons. The current provision leaves it to the competent authorities to make an exception to the rules, with the only condition that this must be in the interest of the persons concerned. This means that the person concerned is very dependent on the willingness of *both* authorities to make such an agreement.

It would be better that a person has the right to have such an agreement made if s/he is (almost) unprotected by a national system whereas in the country of residence s/he would be protected. In the agreement the conditions can be laid down. This agreement is only made if the person concerned wants this. The (implementing) Regulation should provide rules on legal protection in case an application for the provision of Article 16 is made.

Note that the solution of Article 16 (and in fact also that of the Advocate General) is different from the *Bosmann* and *Franzen* approach. In the latter cases the persons remain under the system of the country of employment, but the other Member State is allowed to grant a particular benefit. The solution of Article 16 (and the AG) means that the full system of the residence State applies to the person concerned. This need not always be attractive for the individual. From the information by the referring court in *Franzen* it appears that one applicant was offered that the Dutch benefit administration undertook

to make an article 16 agreement with the German counterpart, but this individual refused this offer.[16] The costs of the health care insurance would in her view outweigh the advantage of receipt of family benefits.[17]

This does shed a different light on the case. What if a person deliberately goes to work in another Member State in order to have a higher net wage and only claims those benefits in the State of residence for which no contributions have to be paid?

An Article 16 solution therefore has advantages. A person must accept both the advantages as the costs of being covered by a scheme if s/he wants such an agreement to be made.

By making this analysis I have shown the different situations where person seems to be worse off as a result of making use of the right to free movement. In the case of anti-overlapping rules the Court was able to come to a solution that was applicable in the case at stake and further led to new case law and to amendments of the Regulation.

In the case of the rules on determining the legislation applicable there are more dilemmas and the Court's decision is less coercive. A solution is left to cooperation of the Member State, the judgment of the national benefit authorities of Court or loyal cooperation of the Member States. It seems that here the legislatures (both at the EU as national level) have to take action to come to a solution. That may either be by amending their national system to avoid disadvantageous situations. It may also be by an improved regulation of Article 16 of the Regulation, that can make tailor sized solutions in individual cases. After all, not cases can be overseen by forehand.

16 CRvB 1 July 2013, ECLI:NL:CRVB:2013:783.

17 I do not know whether this is true in this case, since there are compensations of these costs for low incomes.

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