

SWEDEN

Title of the policy or measure (in English)	Tax control in the road haulage industry for hire and reward
Case study/good practice name	The Swedish Tax Agency controlling undeclared work in the road haulage industry, including e.g. false self-employment and illicit and incorrect use of staffing agencies.
Country	Sweden
Sectors	The road haulage sector for hire and reward (the trailer transport segment).
Target groups	Haulage companies providing trailer transport services; Swedish hauliers as well as foreign hauliers operating in Sweden.
Type of measure	Deterrence: improve detection
Short sentence summarising the measure	The Swedish Tax Agency carried out a project in 2014-2016 aimed to control the compliance of the regulations on taxes and social insurance contributions among a sample of Swedish hauliers as and foreign hauliers operating in Sweden.
Background	
Background context driving the implementation of the measure	Over the past ten years, the prevalence of undeclared work in road haulage, for example by using false self-employed drivers, especially drivers from other EU Member States or from countries outside the EU, has become an increasing problem in the Swedish road haulage industry. Reports from the social partners, the authorities and researchers also indicate violation of cabotage rules, violation of regulation on driving and resting time, and abuse of staffing agency workers to press down labour costs. These practices have generated external social costs and considerable losses of tax revenues in society. Against this background, the Tax Agency decided to carry out special controls in the road haulage industry to map out the assumed problems in this sector, and to see how these problems could be handled.
When was the measure implemented? (including start date and end date/ongoing)	The project started in 2014 and ended in 2016.
Names(s) of authorities/bodies/organizations involved	The Swedish Tax Agency.
Scope of the measure (a pilot project, nationwide, regional wide)	Nationwide pilot project. In practice, most of the hauliers investigated were located in the south of Sweden nearby the big harbours.
Type of (policy) measure	Control measures directed towards selected companies in the road haulage industry on the basis of special criteria indicating tax evasion.

Key objectives of the measure	<ul style="list-style-type: none"> • To prevent and combat various forms of undeclared work in the road haulage industry, including false self-employment and illicit and incorrect use of staffing companies. • To spread information and knowledge of regulations on taxes and social security contributions among the actors in this market. • To raise unpaid taxes and correct tax rates for hauliers/employers who unconsciously or consciously did not comply with the regulations on taxes and social security contributions, and, in the same way, to raise unpaid income tax among drivers as well.
Specific measure	
Description of how the measure operates in practice	<p>The project started on a broad basis. Initially, the Swedish Tax Agency looked at haulage companies in which the turnover had increased, at the same time as the employed labour force had been reduced.</p> <p>Regarding foreign hauliers, the Tax Agency concentrated on hauliers who applied for a large amount of value added tax (VAT) refund. In cases where the VAT for their diesel costs covered, in principle, their driving, the Tax Agency could assume that they had driven in Sweden only, and thus an inquiry was made whether they should have declared income taxes and/or VAT tax in Sweden. The control concerned whether or not they declared the workforce they used, and if so, whether they made tax deductions from the drivers' remuneration, and paid payroll tax.</p> <p>Regarding companies registered abroad, which the Tax Agency considered as posted workers, the Agency checked if they were registered at the Work Environment Authority in accordance with the Swedish Act on Posting (2013:351) and the so-called Enforcement Directive (2014/67/EU).</p> <p>In relation to drivers, who acted as nominally self-employed sub-contractors, the control measures concerned whether they had Swedish F-tax certificates (showing that they paid their own payroll tax). Regarding foreign drivers, the Tax Agency also checked if they had valid A1 forms (showing in which country they were socially insured). Moreover, the Agency controlled how long time the drivers had worked in Sweden to estimate whether they were obliged to pay Swedish income tax.</p>
Which groups are targeted by the measure?	Hauliers/employers and staffing companies registered in Sweden and foreign hauliers and staffing companies operating in Sweden; Swedish and foreign drivers working in Sweden.
What resources and other relevant organisational aspects are involved?	The project was carried out within the ordinary budget.
What are the source(s) of funding?	Government budget.
Evaluation and outcome	

<p>Has the measure achieved its objectives?</p>	<p>According to the project leaders, the project achieved its main objectives. It informed the hauliers about their legal obligations, as well as the drivers' legal rights and obligations (for example the social rights genuinely employed workers are entitled to).</p> <ul style="list-style-type: none"> • The project revealed considerable problems with tax evasion. 39 of the 49 haulage companies that were subject to the special investigation and control failed the test. This meant that the Tax Agency had to increase the tax rate with in total 44 million SEK for these companies. • The project spread information and knowledge in society about the problem of undeclared work in the road haulage sector, including various measures used to circumvent existing fiscal and social laws and regulations in order to press down labour costs. The project leaders also personally informed the government (minister of infrastructure) about the results. • It is reasonable to assume that the information and knowledge provided by the project may have contributed to a Government Bill in December 2016 on mandatory monthly tax declarations for employers for each individual employee (Governmental Bill 2016/17:58, cf. the Nacka Project). • The project may also have contributed to a directive from the government to the Swedish Transport Administration (Trafikverket) to look at the possibilities to increase the purchasers' responsibility for fair freight transport services.
<p>Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved</p>	
<p>What are lessons learnt and the key conditions for success?</p>	<p>An important lesson learnt is the importance of understanding the complex social and economic relationships involved in the practice of various forms of undeclared work in the road haulage industry in order to circumvent national and supra-national (EU) laws and regulations. For example, the use of disguised employment and long subcontracting chains, the use of staffing companies as goalkeepers, and the use of foreign hauliers and the complex relationships behind the use of drivers from countries with lower taxes and social security fees.</p> <p>It is necessary to make in-depth analyses of these complex relations to understand the problems in the industry.</p>
<p>Level of transferability (e.g. other countries/groups/sectors)</p>	<p>The Swedish Tax Agency has made similar studies in other industries, for example, in the cleaning, construction and the hotel and restaurant industries.</p> <p>The road haulage project, as well as the other projects, have helped to spread general knowledge in society about fiscal laws and regulations. This also means that it has become more difficult for companies, employers and workers to claim that are not aware of existing rules and regulations.</p>

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Sources	<p>Interview with Inger Herding and Ulrika Carlsson (project leaders), Swedish Tax Agency, 21.02.2017.</p> <p>Government Bill 2016/17:58. 'Uppgifter på individnivå Arbetsgivardeklarationen'.</p> <p>Karlsson, Ulrika and Herding, Inger (2016) Åkeriverksamhet I Sverige 2015. Dnr. 410-115937-16/123. Stockholm: Skatteverket. Svenska Dagbladet 13.12.2016. 'Finansministern vill kunna spåra utländska fordon'. (Sandra Johansson). https://www.svd.se/finansministern-vill-kunna-spara-utlandska-fordon/om/svd-granskar-akerinaringen</p> <p>Sternberg H, Filipiak M, Hofmann E et al. (2015) Cabotagestudien: A study on trucking deregulation in Scandinavia and beyond. Report. Packaging Logistics, Lund University.</p> <p>Thörnquist, Annette (2013) False (Bogus) Self-Employment in East-West Labour Migration: Recent trends in the Swedish construction and road haulage industries. TheMES, Themes on Migration and Ethnic Studies, No. 41. Linköping: Linköping University Electronic Press. http://urn.kb.se/resolve?urn=urn:nbn:se:liu:diva-95803</p>
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