




European Platform Undeclared Work

Boligjob Plan (private family residence/job initiative): using tax-rebates to promote the declaration of work

Denmark

	<p>Summary</p> <p>The Boligjob Plan aims to reduce undeclared work in the home repair and maintenance sector. This is done by encouraging tax office registration of transactions between individuals in private residences and businesses providing services.</p>
<p>Title of the practice in original language</p>	<p><i>Boligjob Plan</i></p>
<p>Name(s) of authorities/bodies/organisations involved</p>	<p>Danish Ministry of Taxation (<i>Skatteministeriet</i>)</p>
<p>Sectors</p>	<p>Maintenance and cleaning</p>
<p>Target groups</p>	<ul style="list-style-type: none"> • Individuals in private residences (directly targeted); • Enterprises (indirectly targeted).
<p>Purpose of measure</p>	<p>Prevention</p>

	<p>Aims and objectives</p> <p>The Boligjob Plan aims to reduce the incidence of undeclared work by providing tax rebate incentives to private individuals when purchasing declared services for domestic repair.</p>
<p>Background context</p>	<p>The Boligjob Plan was introduced against a background of crises in the building construction sector, unemployment, and a rise in undeclared work. It started in June 2011 as a pilot which ran until 2014 and became a permanent measure in 2015.</p> <p>The context has changed over the years, and other activities are now included as part of the initiative for instance the installation of wifi/broadband, green solutions and installation of alarm systems. This indirectly incentivises the modernisation of homes.</p>
<p>Key objectives of the measure</p>	<p>General objective:</p> <ul style="list-style-type: none"> • To reduce undeclared work among businesses providing home maintenance and repair services.



	<p>Specific objectives:</p> <ul style="list-style-type: none"> To encourage individuals (registered tax-payers in a private residence) to use declared services when buying services for the home; To encourage enterprises to work declared and legitimise their work.
Main activities	<ul style="list-style-type: none"> The deduction is available to persons aged over 18 years and was originally up to a maximum of EUR 2 700 per person per year. From 2016, this was reduced to EUR 800 for services and EUR 1 650 for home maintenance and improvement. The deduction is limited to 26% of the value of the labour cost related to the service and does not include material costs. Expenses can relate to services in an individual's private residence such as house cleaning, child-care, garden work, home repair and maintenance. The purchaser retains the invoice to report electronically to the tax authority (by self-assessment). They receive a tax rebate as a deduction on their taxable income. The enterprise providing the services must provide their VAT-registration number on the invoice, and is obliged to separate the invoice into wages and other costs.
Funding/organisational resources	Between 2011-17, the Boligjob Plan has paid out nearly EUR 1.3 million in tax rebates.

	<p>Outcomes</p> <p>The Boligjob Plan has been successful in attracting individuals to take part and claim tax rebates for purchasing declared domestic services. Between 2011 and 2017, nearly EUR 1.3 million in tax rebates have been claimed. However, the impact on undeclared work has not been as great as may have been anticipated.</p>
Achievement of objectives	<p>The key outcomes are as follows:</p> <ul style="list-style-type: none"> 2011: 360 000 users/EUR 147 million cost of reimbursement; 2014: 650 000 users/EUR 256 million cost of reimbursement; 2017: 425 000 users/EUR 106 million cost of reimbursement.



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	<p>The Boligjob Plan has proved to be very popular amongst individual households and enterprises with the number of users increasing from 360 000 in 2011 to 425 000 by 2017. The cost of the scheme has also fallen in the same period – from EUR 147 million to EUR 106 million - due to reductions in the annual amount of the tax rebate for individuals.</p>
Lessons learnt and success factors	<p>Key lessons and success factors are as follows:</p> <ul style="list-style-type: none">• It offers a simple administrative solution as individuals apply for the rebate online;• The initiative's message is very clear. It was promoted in the press as an initiative to turn undeclared work into declared work;• A higher tax rebate for individuals could be more effective.• There was an increase in demand for services which placed pressure on supply, which in turn led to job creation;• The tax authority has experienced increased pressure in relation to its workload and the initiative is also at risk of being abused.
Transferability	<p>The Boligjob Plan could be transferred to other sectors where services to households are important. Its transferability to other countries depends upon the tax system and the availability of simple registration and payment procedures.</p>

Further information	
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Useful sources and resources	<p>EU Platform tackling undeclared work, 2019. Preventative approaches for tackling undeclared work, focusing upon tax rebates and notification letters, a learning resource</p>