





European Platform tackling undeclared work

The Grey Economy Information Unit

Finland

	Summary <p>The Grey Economy Information Unit (GEIU) was established in 2011 to promote the fight against the grey economy. It produces and shares information on undeclared work and other undeclared economic activity. Through its Compliance Report Service it provides a single point of access for permitted public authoritiesⁱ to gain information on organisations and individuals within organisations suspected of engaging in undeclared economic activity.</p>
Title of the practice in original language	<i>Harmaan talouden selvitysyksikkö</i>
Name(s) of authorities/bodies/organisations involved	<p>The GEIU is a unit within the Tax Administration, Ministry of Finance.</p>
Sectors	<p>All</p>
Target groups	<ul style="list-style-type: none"> • Organisations avoiding obligatory payments e.g. taxes, insurances etc. (directly targeted); • Individuals within organisations (registered responsible persons or significant owners) that avoid obligatory payments (directly targeted).
Purpose of measure	<p>Prevention</p>

	Aims and objectives <p>The GEIU was established to improve efficiency in undertaking tasks concerning information gathering, and to exchange practices on undeclared work and other undeclared economic activity in order to prevent and control such practices.</p>
Background context	<p>In 2000 a collaborative development project ('Virke') between several authorities in Finland was launched to deal with, among other things, the information needs of a large number of authorities concerning the grey economy who were facing many legal barriers. A lack of coordination and good information sharing practices between these authorities was observed.</p>



European Platform tackling undeclared work

	<p>As a result the legislative proposal to establish the GEIU was presented in 2008. The law establishing the GEIU Unit was introduced on 1 January 2011 (number 1207/2010 and marginally 1208/2010).ⁱⁱ</p> <p>The Unit was established within the Tax Administration as a permanent nationwide authority. Its role was to undertake tasks centrally (e.g. information gathering and exchange) that previously required complex cooperation across various authorities.ⁱⁱⁱ</p>
Key objectives of the measure	<p>General Objective:</p> <ul style="list-style-type: none"> • To perform reporting tasks that shed light on phenomena involving undeclared economic activity; • To investigate specific organisations and people within organisations for suspected undeclared economic activity.^{iv}
Main activities	<ul style="list-style-type: none"> • The GEIU is responsible for gathering and disseminating information on the grey economy i.e. producing general reports^v as well as compliance reports on organisations and individuals within organisations at the request of other public authorities;^{vi} • The GEIU is authorised to keep a database, in compliance with the Data Protection Directive (95/46/EC, 1995), containing information necessary for the preparation of reports. The data controller is the Tax Administration; • The GEIU is not responsible for investigating private activity e.g. investigating benefit fraud; • The authorities permitted to request compliance investigations are defined in the enacting legislation, as are the purposes for which a compliance report can be prepared. A compliance investigation can also be based on a general phenomenon report; • The service is fully automated with a full web interface which means, for the most part, that compliance reports are produced automatically and delivered to the information system of the requesting authority; • From receipt of a request for a compliance report, it takes the GEIU about one day to complete;^{vii} • The GEIU does not charge for the preparation of compliance reports. It is also entitled to obtain, free



European Platform tackling undeclared work

	<p>of charge, the information it needs to prepare the reports;</p> <ul style="list-style-type: none"> The GEIU also operates a public website on the Grey Economy and Economic Crime for public agencies, companies and individuals providing an overall picture, and topical information on the phenomena of the shadow economy.
Funding/organisational resources	<p>The GEIU has a budget of around EUR 2 million, including salary costs and running costs, which is part of the overall national budget funding for the Tax Administration. Costs arising from maintaining and developing information systems amount to between EUR 0.5 million and EUR 1 million each year. There are 24 employees in the GEIU.</p>

	<p>Outcomes</p> <p>The GEIU has resulted in more effective cooperation and coordination between authorities active in preventing and controlling undeclared work and related activities. Key to its success are the removal of barriers and limits to the exchange of information, the information it produces and shares through its Compliance Report Service and its public website on the Grey Economy and Economic Crime.</p>
Achievement of objectives	<p>The GEIU's Compliance Report Service has produced a large amount of compliance reports (approximately 2 million since it was established in 2011). Currently there are 25 authorities with permission to request compliance reports from the GEIU (see endnote 1). The reports allow authorities to identify and target those players who do not fulfil their legal obligations, while giving authorities the information needed to carry out control actions.</p> <p>The fully automated online web interface which allows compliance reports to be delivered automatically to the requesting authority helps improve efficiency, giving those authorities more time to tackle the grey economy.</p> <p>The public website content is produced in collaboration with 21 authorities and ministries involved in the project and is published in three languages including Finnish, English and Swedish.^{viii} Statistical information used to monitor the impact of action taken against the shadow economy and economic crime, such as company audits and the related sanctions, is reported on the website. Finally, the website provides companies and citizens with information on how to act or protect themselves against such harm.</p>



European Platform tackling undeclared work

Lessons learnt and success factors	<p>Key success factors and lessons learnt include the following:</p> <ul style="list-style-type: none"> • The <i>whole government approach</i> operated by the GEIU improves the effectiveness and efficiency by which public authorities prevent, control and deal with undeclared work and undeclared economic activities; • The single point of access for public authorities regarding their information/data needs is a key success factor; • Fully automated online interfaces between the GEIU and its clients also helps to improve efficiency; • The public website created and operated by the GEIU is a key factor in allowing agencies, companies and individuals to identify economic crimes.
Transferability	<p>Transferability to other Member States is possible with the relevant political will, legislation, staff and technical resources in place to perform tasks similar to the GEIU.</p>

Further information	
Contact	<p>Janne Marttinen, Director, GEIU Email: janne.marttinen@vero.fi Phone: +358 40 5110197</p> <p>Antti Jauhonen, Senior Advisor, GEIU Email: antti.jauhonen@vero.fi Phone: +358 40 738 6158</p>
Useful sources and resources	<p>Legislation</p> <ul style="list-style-type: none"> • Act 1207/2010 on Grey Economy Information Unit. Available at: http://www.finlex.fi/fi/laki/ajantasa/2010/20101207. Accessed 3 August 2017 • Legislative proposal 163/2010 on establishing Grey Economy Information Unit in the tax administration. Available at: https://www.eduskunta.fi/FI/vaski/HallituksenEsitys/Documents/he_163+2010.pdf.



European Platform tackling undeclared work

	Grey Economy and Economic Crime website www.grey-economy-crime.fi Compliance Report Service video https://dreambroker.com/channel/dmg57u3p/zfpgxv1y
--	---

ⁱ The authorities identified in the legislation with the legal right to have access to data are Business Finland (Business Funding), Ministry for Foreign Affairs of Finland, Funding Centre for Social Welfare and Health Organisations (STEA), Regional State Administrative Agencies, National Supervisory Authority for Welfare and Health, Ministry for foreign affairs of Finland, Occupational Safety and Health Administration, Finnish Transport and Communications Agency Traficom, Pay Security, The Finnish Border Guard, Bankruptcy Ombudsman, Police of Finland, National Bureau of Investigation, Money laundering of the investigation office, Finnish public procurement, Finnish Consumer and Competition Authority and Funding Centre for Social Welfare and Health Organisation. In the near future: Finnish Food Authority and Finnish Immigration Service. See also OECD (2017) *Shining Light on the Shadow Economy: Opportunities and Threats*, <https://www.oecd.org/tax/crime/shining-light-on-the-shadow-economy-opportunities-and-threats.pdf>

ⁱⁱ The legislative proposal was given to the Parliament on 1 October 2010 (number 163/2010) and the final bill passed on 7 December 2010. See <https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/grey-economy-information-unit-finland>

ⁱⁱⁱ Ibid.

^{iv} Ibid.

^v For an example of a general report see, Marttinen, J. (2019), *Virolaistaustaiset yritykset Suomen kaupparekisterissä* (Companies with Estonian background In the Finnish Trade Register). Available at:

https://www.vero.fi/globalassets/harmaa-talous-ja-talousrikollisuus/laajuus/kuvat-videot-ja-tiedostot/2019_03_virolaistaustaiset_yritykset_suomen_kaupparekisteriss%C3%A4.pdf

^{vi} The information in this field is found at <https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/grey-economy-information-unit-finland>

^{vii} Ibid.

^{viii} The website is one of the projects in the *Action Plan against the Shadow Economy and Economic Crime*. The public agencies and ministries involved include: Customs, Finnish Centre for Pensions, Finnish Competition and Consumer Authority, Finnish Food Safety Authority, Finnish Prosecution Service, Finnish Transport Safety Authority, Finnish Workers' Compensation Centre, Ministry of Economic Affairs and Employment, Ministry of Finance, Ministry of Justice, Ministry of Social Affairs and Health, Ministry of the Interior, Ministry of Transport and Communications, National Administrative Office for Enforcement, National Supervisory Authority for Welfare and Health, Police, Regional State Administrative Agency, Tax Administration, The Office of Bankruptcy Ombudsman, Unemployment Insurance Fund. See

<https://dreambroker.com/channel/dmg57u3p/gvrkcevd>