





European Platform Undeclared Work

The Incomes Register

Finland

	Summary <p>The Finnish Incomes Register provides an up-to-date, comprehensive repository of individual earnings, social insurance contributions, benefits and pensions data which various authorities and all employers are obliged to report. It deters undeclared work by allowing the Finnish Tax Administration to establish whether all required payments have been made, reducing the likelihood of companies not reporting all incomes or reporting inconsistent information to different authorities.</p>
Title of the practice in original language	<i>Tulorekisteri</i>
Name(s) of authorities/bodies/organisations involved	Tax Administration's (Vero) Incomes Register Unit
Sectors	All
Target groups	<ul style="list-style-type: none"> • Employers (directly targeted); • Benefits and pension payment providers (directly targeted); • Citizens/households (indirectly targeted).
Purpose of measure	Prevention


	Aims and objectives <p>It aims to reduce undeclared work by showing in real-time which payment obligations have been met, to clarify to employers and employees what they need to do next, and to enable quick and easy detection of inconsistent information by authoritiesⁱ.</p>
Background context	<p>The Incomes Register development project (KATRE) was introduced by the government in 2014 to lighten companies' reporting burden and simplify earnings-related reporting. The project was part of a wider national digital infrastructure development programme.</p> <p>The law on the Income Information System (53/2018) obliged the relevant authorities and employers to use the</p>



	<p>new electronic system as a tool for reporting all payments by employers, benefits and pension providers. The first phase came into force on 1 January 2019 starting with the reporting of salaries and earnings. The number of parties using the information will increase in 2020. Phase two will come into force 1 January 2021 and will introduce the reporting of the benefits and pensions.</p>
Key objectives of the measure	<p>General objectives:</p> <ul style="list-style-type: none"> • To simplify and clarify employers' reporting obligations and simultaneously reduce the administrative burden involved; • To tackle undeclared work by increasing the real-time transparency of the fulfilment of employers' obligations and enable efficient detection of omissions. <p>Specific objectives:</p> <ul style="list-style-type: none"> • To make income-related reports available automatically; • To create direct communication between private payroll systems and the Incomes Register; • To provide a real-time user interface for the citizens concerning their own earnings, pensions, and benefits; • To provide reports for different authorities according to each authority's mandate.
Main activities	<p>The main activities include the following:</p> <ul style="list-style-type: none"> • The Register interface provides two user roles: those reporting on payments (e.g. employers etc.) and those viewing payments made (e.g. citizens, government authorities); • Employers as well as pension and benefit providers report all payments through the same electronic system, which conveys the information to each data user according to their legal entitlement; • The reports include details of social, health, pension, accident and occupational disease contributions, and unemployment insurance contributions of varying types;ⁱⁱ • The deadline for reports is 5 calendar days after a payment is made; • Failure to report results in a fine of EUR 135 for a delay up to 45 days, and after that, a maximum fine of EUR 15 000 per month is imposed; • The system allows citizens to access their own up-to-date payments and produce different reports from the data for various uses.ⁱⁱⁱ
Funding/organisational resources	<p>The development process involved a private digital system provider, the Finnish Tax Administration, and about 20 stakeholder institutions. Maintenance of the system is</p>



	undertaken by the Tax Administration and includes a separate budget funded by government. ^{iv}
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	<p>Outcomes</p> <p>Digital and automatic reporting has achieved high coverage among employers with the help of supporting materials. Real-time reviewing of individual payments has become possible. Cooperation with the developers and many stakeholders has been a key success factor.</p>
<p>Achievement of objectives</p>	<p>While it is too early yet to evaluate the impact on undeclared work, the Incomes Register will be evaluated by internal audits and the publication of statistical reports on the information submitted to the Register.</p> <p>A customer survey is currently being undertaken. Outputs include the following:</p> <ul style="list-style-type: none"> • 250 000 employers submit reports to the Incomes Register; • 65 instruction videos, 10 webinars, 2 web courses, marketing in newspapers, webpages, tv and outdoors marketing (budget EUR 250 000). <p>Outcomes so far include:</p> <ul style="list-style-type: none"> • 87% of employers report digitally and automatically. Only 0.04% submit paper reports; • Successful cooperation with private systems providers to build technical interfaces from the private payroll systems to link with the government Incomes Register; • There is real-time data and transparency for data users, employers and citizens.
<p>Lessons learnt and success factors</p>	<ul style="list-style-type: none"> • Challenges in the setup of payment processes and systems for the development and implementation of the project; • Good practice is to provide ready-to-use materials for communications and training; • The software companies' readiness to apply and build the interfaces should be monitored carefully. They should be given enough time to prepare; • Adequate provision of resources for customer service is important in the beginning (first few months) before employers etc. are familiar with the new practice.
<p>Transferability</p>	<p>It is important to provide clear legislation on reporting obligations. A shared, high-level commitment to digitalisation among stakeholders is essential. A coherent project plan could be implemented along the lines of the Finnish example^v which includes ready-to-use materials for</p>



	communication for stakeholders and frequent meetings with interest groups.
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Further information	
Contact	Terhi Holmström, Tax Administration Incomes Register Unit Email: terhi.holmstrom@vero.fi Arto Leinonen, Ministry of Finance Email: arto.leinonen@vm.fi
Useful sources and resources	Incomes Register web page https://www.vero.fi/en/incomes-register/ Law on Incomes Information System (53/2018) https://www.finlex.fi/fi/laki/alkup/2018/20180053 English education material on Incomes Register https://www.youtube.com/watch?v=dGdmL3n34JE

ⁱ For example, authorities like the Tax Administration, Social Insurance Institution of Finland, Employment Fund.

ⁱⁱ Incomes register (2019). Reporting data to the Incomes Register: insurance-related data. Accessed 31 May 2019. Internet: <https://www.vero.fi/en/incomes-register/companies-and-organisations/detailed-guidance/64633/reporting-data-to-the-incomes-register-insurance-related-data3/> (in English)

ⁱⁱⁱ Leinonen, A. (2017). Incomes register – essential contents, operative principles and preparation process. [Tulorekisteri – lainsäädännön keskeinen sisältö, toiminnalliset periaatteet ja valmistelu. Eduskunta 24.10.2017.] Accessed 29 May 2019. Internet: <https://www.eduskunta.fi/FI/vaski/JulkaisuMetatieto/Documents/EDK-2017-AK-150874.pdf>

^{iv} The Incomes Register Unit provides maintenance and application management (65-70 persons), providing customer service (phone and chat apps), stakeholder relations. Technical resources within the Unit handle customer observation reports, as well as technical development and management resources within the system supplier. Additionally, an information security professional and ICT-architects are employed on an ongoing basis within the Unit.

^v MoF (2014). The project establishing national incomes register. [Kansallisen tulorekisterin perustamishanke] Accessed 2 June 2019. Internet: <https://valtioneuvosto.fi/hanke?tunnus=VM055:00/2014>