

Reliable Partner Service, Finland

Title of the policy or measure (in English)	Reliable Partner service – supporting employers and contractors in fulfilling their statutory obligations under the Contractor’s Liability Act
• Country	Finland
• Sectors	Construction and woodworking
• What groups are targeted by the measure	Employers and contractors working in the construction industry.
• Purpose of measure	Prevention
• Short sentence summarising the measure	Subcontractors permit the Reliable Partner Service to collect and maintain, in one place, all relevant information on their company that is needed to verify their reliability to contractors/employers. The Service electronically transmits the information to the contractor in one go, enabling verification of the subcontractor’s reliability, and helping contractors to fulfil their statutory obligation to do so.
Background	
• Background context driving the implementation of the measure	<p>The high volume of subcontracting and cascade subcontracting in the construction industry meant there was a need for an efficient and reliable way to receive and transmit information relating to the Contractor's Liability Act. Under the Act, contractors and subcontractors are obligated to fulfil certain statutory obligations. The main contractor is obliged to request documentation from the subcontractor verifying, for example, that the subcontractor has entered the Prepayment Register and the Employer Register, has no tax debt, has set up an employees’ pension insurance and the payment of pension contributions, etc.</p> <p>The information on the subcontractor is passed on electronically by the Reliable Partner Service to the contractor on request, allowing contractors to save time and resources they would otherwise need to spend in order to gather this information. The service is available for all businesses and is also used by the relevant inspection authorities to verify that companies have fulfilled all their statutory duties. The Reliable Partner Service eases the administrative burden that the Act causes for both contractors and subcontractors, improves the reliability of information and enables the development and use of new services.</p>
• When was the measure implemented? (including start date and end date/ongoing)	April 2009 – ongoing
• Names(s) of authorities/bodies/organisations involved	<ul style="list-style-type: none"> • Suomen Tilajavastuu Oy – a private company, maintainer and owner of the service

	<ul style="list-style-type: none"> • Confederation of Finnish Construction Industries (RT) – an organisation involved in developing the idea and co-developer of the service • Relevant authorities (e.g. occupational safety and health authorities) who provide information to the Service and also use the information from the Service in their inspection work.
<ul style="list-style-type: none"> • Scope of the measure (a pilot project, nationwide, regional wide) 	Nationwide
<ul style="list-style-type: none"> • Type of (policy) measure 	Tool
<ul style="list-style-type: none"> • Key objectives of the measure 	The measure aims to support employers and contractors to fulfil their statutory obligations by increasing the efficiency of the verification exercise.
Specific measure	
<ul style="list-style-type: none"> • Description of how the measure operates in practice 	<p>The Reliable Partner Service is a tool to enable the contractor to check the factual situation before entering into a subcontracting agreement or assigning temporary agency work. The Reliable Partner Service collects information from different registers on the subcontractor and can be obtained faster through the electronic service provided by the Reliable Partner Service, reducing the amount of administration associated with subcontracting.</p> <p>The Reliable Partner Service helps to prevent undeclared work by reducing companies which operate in the grey market. In addition to the main contractors, the subcontractors' actions are also made more reliable.</p> <p>The Service operates as follows:</p> <ul style="list-style-type: none"> • Contractors and subcontractors can participate in the service by sending power of attorney to the Reliable Partner Service. The subcontractor submits all the information requested to the Reliable Partner Service along with power of attorney, authorising the Service to search, directly collect from relevant authorities and publish the company's information (tax, pension, accident insurance, applicable collective agreements and occupational healthcare). A yearly fee is charged for the service and collected at this point in the process. • All the information is collected, distributed and interpreted electronically by the Reliable Partner Service, based on the Contractor's Liability Act. • The Reliable Partner Service compiles a report on statutory information, including statutory accident insurances, applicable collective agreements and information on whether tax and employment pension obligations are fulfilled by participating subcontractors. Subcontractors agree to permit information on their fulfilment of these obligations to be made publicly available and explored on the Reports Service. • A contractor can then request and receive information on a subcontractor electronically from the Service, allowing the information to be easily transferred to the main contractor's own systems. Information is available to the contractor from the Reports Service free of charge. • If the matters of the contracting and subcontracting companies are not in order, they are not eligible to win assignments. If a company has information that is not clear (for example, unpaid taxes or pension debts),

	<p>it needs to deal with these beforehand itself, and the subscriber/contractor will check them before the beginning of the assignment.</p> <ul style="list-style-type: none"> • In order to get full rights to the service and see the detailed information a company must have Business ID¹. The Reliable Partner Service has business-to-business clients, for example, accounting and purchasing companies, which have integrated the data of the Reliable Partner Service into their own service. The information on reliable companies and interpretation of the data is available in the Zeckit-service, a part of the Report Service. The data in Zeckit-service is more limited, but it is open to all those paying for the service e.g. for private persons searching for construction companies to carry out renovation work. • Relevant authorities have access to the service and can inspect the power of attorney and the full data of the companies registered with the Reliable Partner Service.
<ul style="list-style-type: none"> • What resources and other relevant organisational aspects are involved? 	<p>The Reliable Partner Service purchases the information from various registers of relevant authorities and pays for all the data it collects from the business register, on tax payment, insurances, pensions, health care and other statutory obligations of the employers.</p> <p>The resources needed include digitally transferable information from the authorities, an organisation that has the ability to combine information from digital data systems and obtain power of attorney to collect information on the company.</p>
<p>Evaluation and outcome</p>	
<ul style="list-style-type: none"> • Has the measure achieved its objectives? 	<p>It is a real-time, cost-effective, and easy-to-use digital service. The monitoring of the law is now entirely electronic and has replaced a previously labour-intensive and slow process. The time now spent by a company in checking and verifying the fulfillment of a subcontractor's statutory requirements is significantly reduced.</p> <p>The Service was developed in co-operation with the authorities who have approved it. The contractors and subcontractors are not obligated to register with the Reliable Partner Service but can be used by all businesses of any size. Being a client of the Reliable Partner Service has also a market value, with many contractors and subcontractors using it to market their reliability.</p>
<ul style="list-style-type: none"> • Assessment method (including indicators used to measure its impact), and the outputs and outcomes achieved 	<p>The Service has currently interpreted real-time information under the Contractor's Liability Act for more than 55 000 companies. It is used by 80 different business-to-business companies e.g. accounting and purchasing companies. The information is used by more than 100 000 end-user companies. More than 8 million electronic reports per year are requested by customers.</p> <p>According to calculations from the Ministry of Employment and the Economy, it takes two minutes to carry out an inspection of the fulfillment of Contractor's Liability Act via the Reliable Partner Service. Previously, it was estimated to take contractors and authorities 45 minutes for inspections.</p>

¹ Business ID is issued by the Finnish Patent and Registration Office or the Finnish Tax Administration. Business ID identifies the company. The identity itself doesn't prove whether the company is registered in the Tax Administration Registers and the Trade Register, but the information must always be checked separately from the Business Information System BIS, the Finnish Patent and Registration Office or the Finnish Tax Administration.

	<p>An evaluation of the social impact of the Reliable Partner Service² found that on average a medium-sized company carries out 200 inspections per year of fulfillment of statutory obligations under the Contractor's Liability Act. Without the Service, the administration cost is 3 136 €/year but using the service it is 179 €. In large companies about 1 000 inspections are made per year. Without the Service, the administration cost would be 15 681 €/year but using the service it is 896 €. ³ In total, using the Reliable Partner Service is saving companies about EUR 17 million per year.</p> <p>The evaluation shows that data transparency concerning fulfillment of Contractor's Liability Act affects business activity. The construction companies using the Reliable Partner Service are more competitive than other companies. The companies using the Reliable Partner Service have less tax debt, one tenth in comparison to one fourth of other construction companies. This means a total of EUR 30 million less in tax debts for the companies using the service.</p> <p>According to a study carried out by the Finnish Tax Administration's Grey Economy Unit, the capital city, Helsinki, spends about EUR 1.6 billion per year purchasing services, of which 56 % are on construction business services. The City of Helsinki only contracts companies who use the Reliable Partner Service. A comparison of companies reveal that those delivering services to the City of Helsinki have a better financial situation, are more profitable and have less tax debt than companies who don't use the Service.</p> <p>It also provides useful information to employees – that the company pays pension insurance fees and other statutory payments, and works according to the collecting bargaining agreement.</p>
<ul style="list-style-type: none"> • What are lessons learnt and the key conditions for success? 	<p>Lessons learnt and success factors include the following;</p> <ul style="list-style-type: none"> • In comparison to disparate public sources of information, the Reliable Partner Service is easier, more flexible and cost-effective due to the digital collection of information from various registers. • Supply of information to the Service from some authorities' and the semi-state bodies such as pension companies' systems has been challenging. For further development of the service, adaptation by authorities supplying information to the Reliable Partners Service to the Service's methods and way of data delivery needs to be facilitated. Restrictions in the legislation for collecting and using data need to be reviewed if the service is to be developed further. • Political will is needed for the further development of digital services within authorities and greater access provided to the information.
<p>Additional information</p>	
<ul style="list-style-type: none"> • Contacts 	<p>Päivi Kantanen, Ministerial adviser, Ministry of Economic Affairs and Employment Email address: paivi.kantanen@tem.fi Telephone: 358 29 50 48938</p>

² Social impacts of Reliable Partner Service and Tax Number Service (Evaluation carried out by Owl Group – independent consulting company).

³ A study of the impacts of the reform the Contractor's Liability Act

<ul style="list-style-type: none"> Sources 	<ul style="list-style-type: none"> Reliable Partner Service: https://www.tilaajavastuu.fi/en/reliable-partner/ Registration page to the Service, https://www.tilaajavastuu.fi/en/frequently-asked-questions/faq-reliable-partner/ Social impacts of Reliable Partner Service and Tax Number Service (Evaluation carried out by Owl Group – independent consulting company). Marttinen Janne (2015). Purchases of city of Helsinki. Study 11/2015. Finnish Tax Administration Grey Economy Information Unit, https://www.vero.fi/en/About-us/information_and_material_on_taxatio/combating_the_grey_econom/grey_economy_snapsho A study of the impacts of the reform the Contractor's Liability Act. (2014). Ministry of Economic Affairs and Employment
<ul style="list-style-type: none"> Metadata and key words for online search 	<p>Finland; construction industry; subcontractors reliability; verifying reliability; Contractor's Liability Act; statutory obligations; electronic information</p>