





## European Platform tackling undeclared work

### New software application enhancing cooperation on undeclared work between Labour Inspectorates and the Social Insurance Agency

Slovakia

	<b>Summary</b> <p>A software application launched in 2019 for data exchange between labour inspectorates and the Social Insurance Agency improves the speed and effectiveness of detecting and dealing with undeclared work activities. The new technology enhances personal data security via a strong authentication technology (grid cards) which controls access to the data.</p>
<b>Title of the practice in original language</b>	<i>Nová aplikácia zefektívňuje spoluprácu medzi inšpektorátmi práce a Sociálnou poisťovňou</i>
<b>Name(s) of authorities/bodies/organisations involved</b>	<ul style="list-style-type: none"> <li>• National Labour Inspectorate (<i>Národný inšpektorát práce</i>);</li> <li>• Labour inspectorates located in 8 regional centres (<i>Inšpektoráty práce</i>);</li> <li>• Social Insurance Agency (SIA) (<i>Sociálna poisťovňa</i>).</li> </ul>
<b>Sectors</b>	All
<b>Target groups</b>	<ul style="list-style-type: none"> <li>• Labour inspectors (directly targeted);</li> <li>• Social insurance supervisors (directly targeted);</li> <li>• Employers and workers (indirectly targeted).</li> </ul>
<b>Purpose of measure</b>	Deterrence: improve detection

	<b>Aims and objectives</b> <p>Cooperation between labour inspectorates and the SIA is an effective tool in deterring undeclared work. New specialised software aims to simplify the exchange of information, while ensuring appropriate personal data safety.</p>
<b>Background context</b>	<p>Labour inspectorates are by law permitted to process personal data without the consent of the persons concerned. This applies also to detected cases of undeclared work, which are made available to specified public and state administration authorities governing social security, taxes and public employment services.</p>



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	<p>Over the past decade, labour inspectorates have established cooperation with the SIA on the exchange of data on detected infringements of regulations governing labour-law relations, illicit work and social security obligations. While a legal basis for such data exchange has existed for labour inspectorates, respective legal provisions for the SIA have been enacted since January 2019.</p> <p>This has enabled the launching of a new software application in July 2019, which replaces data exchange through electronic mailboxes. Exchange of data must comply with a new law on personal data protection, transposing GDPR into national legislation.</p>
<b>Key objectives of the measure</b>	<p><b>General Objective:</b></p> <ul style="list-style-type: none"> <li>To enhance cooperation between labour inspectorates and the SIA in the exchange of data in order to fight illicit work, illicit employment, and evasion of social security obligations.</li> </ul> <p><b>Specific Objectives:</b></p> <ul style="list-style-type: none"> <li>To enable the exchange of data to uncover other forms of undeclared work not defined in national legislation (e.g. under-reported income, false working time records);</li> <li>To ensure that the exchange of data gathered and processed without consent complies with new regulation of personal data protection.</li> </ul>
<b>Main activities</b>	<p>Exchange of information through the specialised software application works as follows:</p> <ul style="list-style-type: none"> <li>Authorised labour inspectors and social insurance supervisors access the application using 'grid cards' which are a strong type of ID authentication. The application has two separate interfaces, one for labour inspectorates and one for the SIA.</li> <li>A labour inspector enters the information about a detected breach of labour-law regulations or infringed ban on illicit employment, which indicates non-compliance with social security obligations<sup>i</sup>. Alternatively, a social security inspector can post information on evasion detected during on-site inspections, indicating breach of labour-law and/or illicit work regulations.</li> <li>Shared information includes identification data of an employer and personal data relating to natural persons gathered within inspection activities (name, surname, title, date of birth, permanent address or temporary residence, image, social security identification number). Inspectors may</li> </ul>



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	<p>inform counterparts about other facts established during inspections, which could help to prevent social security evasion. Prior to sending, the information must be endorsed by a superior official.</p> <ul style="list-style-type: none"> <li>• The information is then taken over by an authorised counterpart at the SIA and/or labour inspectorate, usually resident in the region where the infringement was detected (by address of employer).</li> <li>• Following an assessment of data and facts, inspectors and/or supervisors carry out an inspection at the respective legal or natural person premises and take necessary remedial measures.</li> </ul>
<b>Funding/organisational resources</b>	<p>Core activities, e.g. labour inspections, general and personal data processing etc. are financed from budgetary chapters allocated to the respective authorities from the State budget. The installation and operation of the new software application, which serves to automatise data exchange, is financed by the SIA.</p>

	<p><b>Outcomes</b></p> <p>The new software application has simplified the exchange of data between labour inspectors and social security supervisors. At the same time, protection of personal data has been improved using grid card technology. The changes facilitate detection of different forms of undeclared work, but most often help the SIA to expose evasion of social security contributions, which would otherwise remain undetected.</p>
<b>Achievement of objectives</b>	<p>Exchange of information through the new software application enables inspectors to detect evasion of social security obligations more efficiently and take remedial action sooner.</p> <p>The main benefits of the new application lie in the simplification and improved speed at which information is exchanged between labour inspectors and social insurance supervisors. Compared to previous communication through electronic mailboxes (one per institution), exchange of information is now considered more flexible and personalised, also allowing inspectors to consult cases retrospectively.</p> <p>The use of modern technology has also increased the security in transferring and disclosing personal data; unlike electronic mailboxes, access to data through the</p>



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	<p>software application is enabled by grid card technology for selected authorised persons only.</p> <p>Due to the short time in use, there are no hard data to validate the positive assessment of the practice by the implementing partners. Nevertheless, it is envisaged that the authorities will be able to quantify the effects of the changes next year in the form of additional revenues for social insurance funds.<sup>ii</sup></p>
<b>Lessons learnt and success factors</b>	<ul style="list-style-type: none"> <li>• Automisation improves the simplicity and speed of data exchange ultimately improving the speed at which undeclared work activities are detected and dealt with.</li> <li>• The key beneficiary in faster access to data is the SIA who is the recipient of information from the labour inspectorate. This is because labour inspectorates have a much wider scope of competences than the SIA.</li> <li>• Labour inspectorates acknowledge that cooperation follows a more holistic approach to tackling undeclared work, resulting in a better balance between deterrence and prevention.</li> </ul>
<b>Transferability</b>	<p>Given that in most Member States cooperation between labour inspection authorities and social security administrations in fighting undeclared work tends already to exist, automisation of data exchange is fully transferable. The mutual sharing of information, including personal data, requires a transparent legal basis and the set-up of a functioning information system with appropriate technical and organisational measures taken to ensure data protection.</p>

<b>Further information</b>	
<b>Contact</b>	<p>Mr. Kamil Košík, National Labour Inspectorate (<i>Národný inšpektorát práce</i>)</p> <p>Email: <a href="mailto:kamil.kosik@ip.gov.sk">kamil.kosik@ip.gov.sk</a></p> <p>Phone: +421 55 79 79 937</p>
<b>Useful sources and resources</b>	<p>Act No. 125/2006 Coll. on labour inspection;</p> <p>Act No. 82/2005 Coll. on illicit work and illicit employment;</p> <p>Act No. 18/2018 Coll. on personal data protection;</p> <p>Act No. 461/2003 Coll. on social insurance;</p>



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	National Labour Inspectorate, labour inspectorates website <a href="https://www.ip.gov.sk/home/">https://www.ip.gov.sk/home/</a> Social Insurance Agency website <a href="https://www.socpoist.sk/?lang=en">https://www.socpoist.sk/?lang=en</a>
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<sup>i</sup> For example, under-declared or falsely declared work, nonfulfillment of minimum wage claims, breach of provisions on duration and termination of employment contracts, falsification of working time records, circumvention of rules on social security for posted workers.

<sup>ii</sup> View expressed by Mr. Kamil Košík from the National Labour Inspectorate.