



## European Platform Undeclared Work

## New framework for undeclared work fines

Greece

	<p><b>Summary</b></p> <p>Changes to the Framework for Undeclared Work Fines have incentivised employers, who have failed to declare a worker, to hire the undeclared employee detected and to avoid future undeclared work.</p>
<p><b>Title of the practice in original language</b></p>	<p><i>Αλλαγή της αρχιτεκτονικής του προστίμου για την αδήλωτη εργασία</i></p>
<p><b>Name(s) of authorities/bodies/organisations involved</b></p>	<ul style="list-style-type: none"> <li>• Hellenic Labour Inspectorate (Σώμα Επιθεώρησης Εργασίας, ΣΕΠΕ)</li> </ul>
<p><b>Sectors</b></p>	<p>All</p>
<p><b>Target groups</b></p>	<ul style="list-style-type: none"> <li>• Employers (directly targeted);</li> <li>• Workers involved in undeclared work (indirectly targeted).</li> </ul>
<p><b>Purpose of measure</b></p>	<p>Legitimising undeclared work</p>


	<p><b>Aims and objectives</b></p> <p>Greece has developed a New Framework for Undeclared Work Fines in order to transform undeclared work into declared work, by combining deterrence with preventive measures.</p>
<p><b>Background context</b></p>	<p>In 2013 the implementation of the strategy to combat undeclared work began with the introduction of a fine of €10,500.00. In 2017 Greece initiated an action plan for tackling undeclared work which included the review of the framework of fines for detected undeclared work in order to increase incentives to transform undeclared work into declared work.</p> <p>After reviewing the existing framework, it was found that while the level of undeclared work had significantly decreased, the percentage of undeclared workers detected by the authorities, who were subsequently hired by the employer was also low, and most of those hired were working on a part-time basis. Furthermore, the need to enhance incentives for both employees and employers was</p>



	<p>established in order to promote the reporting of undeclared work and compliance, respectively.</p> <p>A social dialogue procedure was initiated, through four meetings of the Supreme Labour Council. The aim of this dialogue was to discuss the way forward and culminated in legislation (Law N. 4554/2018) which was enacted in August 2018 at national level and amended with Law 4635/2019. The New Framework imposes lower fines on employers in cases where the employer subsequently hires the undeclared employee but penalises employers by imposing increased fines if further cases of undeclared work are detected.</p>
<b>Key objectives of the measure</b>	<p>This New Framework for Undeclared Work Fines has three objectives:</p> <ul style="list-style-type: none"><li>• Transforming undeclared work to declared work;</li><li>• Combining deterrence with preventive measures;</li><li>• Enhancing compliance.</li></ul>
<b>Main activities</b>	<p>This New Framework for Undeclared Work Fines has three main aspects:</p> <ul style="list-style-type: none"><li>• Lower fines if the undeclared employee is subsequently hired by the employer;</li><li>• Increased fines if undeclared work is detected again;</li><li>• An employment clause (see below).</li></ul> <p>The fine the employer must pay is set at EUR 10 500 for each undeclared employee detected. However, if the employer hires the employee, on a full-time basis, within 10 days the fine is reduced.</p> <ul style="list-style-type: none"><li>• New Law 4635/2019 amends the existent discount system and provides for a reduced fine of EUR 2 000 if the employee is hired for at least 12 months. Specifically, for seasonal enterprises the initial fine reduces to EUR 5 000 if the employee is hired for at least 3 months.</li></ul> <p>Heavier penalties are incurred by an employer who repeatedly engages in undeclared work. There is an obligation to carry out at least one re-inspection of the offending employer, which is carried out within a period of twelve (12) months from the date of the finding of the undeclared work violation in order to check for any recidivism. If undeclared work is detected again for the same employer within three years, there are two consequences:</p> <ul style="list-style-type: none"><li>• The fine is doubled to EUR 21 000 and then tripled to EUR 31 500 for any subsequent cases detected;</li><li>• "Discounts" can no longer be applied (even where the undeclared employee is hired).</li></ul>



	<p>Special provisions (employment clause) apply to the period during which the employer has pledged to hire the undeclared employee:</p> <ul style="list-style-type: none"><li>• The employer cannot reduce the total number of workers employed to less than the number of those employed on the day of inspection plus the number of undeclared workers found;</li><li>• The employer cannot convert full-time contracts to part-time ones;</li><li>• In cases where an employee is fired or leaves, another worker must be hired within 15 days.</li></ul> <p>If any of the above-mentioned provisions are not met, the initial amount of the fine will be imposed on the employer.</p>
<b>Funding/organisational resources</b>	<p>The new framework was partly developed as part of an overall procedure for tackling undeclared work consisting of the 'Action Plan for tackling undeclared work' and the tripartite 'Roadmap for tackling undeclared work'. The activities of both the Action Plan and the Roadmap were funded by the European Union under the Structural Reform Support Service (SRSS). The ILO provided technical support.</p> <p>At implementation level the technical resource of the ERGANI IT system is crucial since the employment clause is monitored through this system and inspectors are notified via email if an employer breaches the employment clause.</p>

	<b>Outcomes</b> <p>The practice appears to be achieving its objective of transforming undeclared work into declared work. The rate of detected undeclared employees that are hired by the employer following detection increased to 50.2% since the introduction of the New Framework of Undeclared Work Fines.</p>
<b>Achievement of objectives</b>	<p>Since the new sanctions system was introduced (originally with Law 4554/2018) preliminary evaluation results show that for the period August 2018 to October 2019 there was a rise in the transformation of undeclared work to declared work with 50.2% of detected undeclared employees being hired by the employer, all of them on a full-time basis. Of those hired full-time:</p> <ul style="list-style-type: none"><li>• 98.4% were hired for 12 months;</li><li>• 1.2% were hired for 6 months; and</li><li>• 0.4% were hired for 3 months.</li></ul> <p>This early evaluation suggests that employers are taking advantage of this incentive and a greater proportion of</p>



	detected undeclared workers are being hired on a declared full-time basis.
<b>Lessons learnt and success factors</b>	<ul style="list-style-type: none"> <li>• Effective deterrence constitutes a necessary and primary 'preventative' measure because deterrents dissuade employers from employing undeclared workers;</li> <li>• Regular re-inspections of businesses that have used the discount option is crucial to increase employer compliance.</li> </ul>
<b>Transferability</b>	<p>The basic elements for the transferability of this practice include the following:</p> <ul style="list-style-type: none"> <li>• Defining the appropriate balance between deterrence and incentives for compliance;</li> <li>• Establishing a monitoring mechanism for tracking compliance;</li> <li>• Adjusting labour inspection practices and planning to the new Framework (including regular re-inspections of businesses to check compliance).</li> </ul>

<b>Further information</b>	
<b>Contact</b>	<p>Hellenic Labour Inspectorate</p> <p>Email: <a href="mailto:gsepe@ypakp.gr">gsepe@ypakp.gr</a></p>
<b>Useful sources and resources</b>	<p>Law 4635/2019 Article 66</p> <p><a href="http://www.et.gr/idocs-nph/search/pdfViewerForm.html?args=5C7QrtC22wFqnM3eAbJzrXdtvSoClrL8tP77J3eAjAx5MXD0LzQTLWPU9yLzB8V68knBzLCmTXKaO6fpVZ6Lx3UnKI3nP8NxdnJ5r9cmWyJWeIDvWS_18kAEhATUkJb0x1LIIdQ163nV9K--td6SIuTyxcNC4jyD2IRVAS_921rg8cLdC1b-Y4YhSEi5TPSvm">http://www.et.gr/idocs-nph/search/pdfViewerForm.html?args=5C7QrtC22wFqnM3eAbJzrXdtvSoClrL8tP77J3eAjAx5MXD0LzQTLWPU9yLzB8V68knBzLCmTXKaO6fpVZ6Lx3UnKI3nP8NxdnJ5r9cmWyJWeIDvWS_18kAEhATUkJb0x1LIIdQ163nV9K--td6SIuTyxcNC4jyD2IRVAS_921rg8cLdC1b-Y4YhSEi5TPSvm</a></p> <p>Law N. 4554/2018 Articles 5 to 8</p> <p><a href="http://www.et.gr/idocs-nph/search/pdfViewerForm.html?args=5C7QrtC22wG3UHK-ZeQumndtvSoClrL8t41p22kte0F5MXD0LzQTLWPU9yLzB8V68knBzLCmTXKaO6fpVZ6Lx3UnKI3nP8NxdnJ5r9cmWyJWeIDvWS_18kAEhATUkJb0x1LIIdQ163nV9K--td6Slud1MMXhEfAeVSw8cLQOJM9JNmoZQqa3y0zPd8DPACR9">http://www.et.gr/idocs-nph/search/pdfViewerForm.html?args=5C7QrtC22wG3UHK-ZeQumndtvSoClrL8t41p22kte0F5MXD0LzQTLWPU9yLzB8V68knBzLCmTXKaO6fpVZ6Lx3UnKI3nP8NxdnJ5r9cmWyJWeIDvWS_18kAEhATUkJb0x1LIIdQ163nV9K--td6Slud1MMXhEfAeVSw8cLQOJM9JNmoZQqa3y0zPd8DPACR9</a></p> <p>Ministerial Decision 43614/996/09-08-2018</p> <p><a href="http://www.et.gr/idocs-nph/search/pdfViewerForm.html?args=5C7QrtC22wG3UHK-ZeQumndtvSoClrL8y5-QU45GytMtiDow6HITE-JInJ48_97uHrMts-zFzeyCiBSQOpYnTy36MacmUFCx2ppFvBej56Mmc8Qdb8">http://www.et.gr/idocs-nph/search/pdfViewerForm.html?args=5C7QrtC22wG3UHK-ZeQumndtvSoClrL8y5-QU45GytMtiDow6HITE-JInJ48_97uHrMts-zFzeyCiBSQOpYnTy36MacmUFCx2ppFvBej56Mmc8Qdb8</a></p>



## European Platform Undeclared Work

	<a href="#">ZfRJqZnsIAdk8Lv_e6czmhEembNmZCMxLMtcNaFbbvsuiTkzZeDxE1hFVa6I7zBL9gL6pUjJ4rMmCo</a>
<b>Metadata and key words for online search</b>	Greece; deterrence measures; system of fines; enhance compliance; transforming undeclared work to declared work