European Platform
tackling undeclared work

ELA
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Risk Assessment Centre (RAC) and Joint Operation Centres (JOCs)

Lithuania

Summary

The Risk Assessment Centre (RAC) and Joint Operation Centres (JOCs) have been established in 2019 (piloted in 2018) to increase cooperation between public agencies at national and regional level. The RAC and JOCs enhance information exchange and coordinate resources aimed at combating undeclared work and other issues related to the shadow economy.

Title of the practice in original language	*Rizikos vertinimo centras & Jungtiniai operacijų centrai*
Name(s) of authorities/bodies/ organisations involved	▶ State Tax Inspectorate; ▶ Financial crimes Investigation Service; ▶ Police; ▶ Customs; ▶ State Border Guard Service; ▶ State Labour Inspectorate; ▶ State Food and Veterinary Service.
Sectors	All
Target groups	▶ Labour inspectors and other staff of the public authorities (directly targeted); ▶ Workers involved in the shadow economy, including undeclared work (indirectly targeted).
Purpose of measure	Deterrence: improve detection

Aims and objectives

The objectives of the RAC and JOCs are to develop interinstitutional cooperation to prevent and detect violations of tax laws and other legal acts, crimes against the financial system, economy and

	business practice, and other criminal offenses, as well as a reduction of the shadow economy.
Background context	In recent years there has been an influx of third country nationals (TCN) working in Lithuania. In 2021 53% of the TCN working undeclared were from Ukraine and 17% from Belarus (further 30% of workers were form other third countries).
	Companies from Poland have been posting Ukrainian workers to Lithuania to work predominantly in the construction sector. Investigations show that usually the workers have never worked in Polish companies, they come to Lithuania straight from Ukraine. Furthermore, they very often live and work in inhuman conditions, without receiving full payment and they often do not know their rights.
	To tackle this trend, as well as other existing issues related to the shadow economy, the State Labour Inspectorate initiated a pilot project in 2018 to establish Joint Operation Centres (JOCs) in two cities. The JOCs operate at territorial level and are based on close cooperation between various regional authorities and other relevant stakeholders.
	Based on the successful results of the pilot, the Lithuanian Government decided to expand this model and in 2019 handed over the JOCs to the State Tax Inspectorate (because their inspection rate was higher and had more power than the Labour Inspectorate), which also established the Risk Assessment Centre (RAC), operating at central level.
Key objectives of the measure	**General Objective:** ▶ To prevent and detect violations of tax laws and other legal acts, crimes against the financial system, economy and business practice, and other criminal offenses, as well as a reduction of the shadow economy. **Specific Objectives:** ▶ To develop interinstitutional cooperation. ▶ To further enhance the capacity and competencies of national authorities.
Main activities	The RAC and JOCs, established in 2019, bring together the State Tax Inspectorate, the Financial Crimes Investigation Service, the Police, Customs, State Border Guard Service, the State Labour Inspectorate and the State Food and Veterinary Service to prevent

and detect undeclared work and other violations related to the shadow economy.

The main activities of the **Risk Assessment Centre** (RAC) are:

▶ Planning and execution of joint activities:

  ▷ Risk analysis carried by the Tax Inspectorate, identifying the riskiest sectors;

  ▷ Comparison of information provided by separate control institutions;

  ▷ Agreement on the concrete economical activities;

  ▷ Identifying of riskiest entities;

  ▷ Determining of the most effective control actions;

  ▷ Setting goals.

▶ Analytical activities (for perspective planning)

  ▷ Agreements on making analysis of separate economical activities;

  ▷ Presentations of analysis results, conclusions, proposals for joint activities.

The main activities of the **Joint Operational Centres** (JOCs) are:

▶ Setting up rules of cooperation;

▶ Execution of tasks set by RAC: using of additional information (information given by citizens etc.), planning and executing concrete actions against risky tax payers;

▶ Coordination of activities and mutual assistance for institutions;

▶ Evaluation of results in accordance to set goals and criteria.

Funding/organisational resources	The activities of the RAC and JOCs are funded by the Lithuanian Government though the institutions involved.

Outcomes

The establishment of the RAC and JOCs led to an increase in the effectiveness of undeclared work control. The cooperation of the large number of stakeholders involved enabled a wider range of competencies to be used in the fight against the shadow economy, and facilitated new opportunities based on knowledge and information sharing

Achievement of objectives	▶ Although RAC and JOCs have only been recently in place, the cooperation of a large number of stakeholders has allowed identifying relatively complex cases of undeclared work. For example, the Vilnius JOC detected a fictitious scheme of posting third-country nationals to construction sites in Vilnius, where 20 Ukrainians were allegedly employed in Polish companies and posted to Lithuania to perform various construction works, although in reality these persons were not employed in Poland.
	▶ In total, during 2019-2021 RAC and JOCs: carried out almost 3 200 joint inspections, recovered EUR 620 000 in taxes, issued over 960 protocols of administrative offences, detected 200 illegal workers, initiated over 70 pre-trial investigations, and identified EUR 1.6 billion of damage to the state budget.
Lessons learnt and success factors	▶ This integrated approach leads to more effective control of undeclared work. JOC activities have proven to be particularly successful in cases of certain complex problems and when the approach and competencies of several institutions are needed.
	▶ Effective inter-agency cooperation depends on how various agencies exchange data and information with their partners. Firstly, this is subject to the regulatory framework that allows authorities to share information in various phases of control cooperation whilst protecting personal data privacy.
Transferability	Other countries could introduce similar efforts to improve cooperation between public agencies and in doing so increase the effectiveness and efficiency in detecting and tackling undeclared work. Political will and trust between national authorities are essential. This measure has been inspired by the Norwegian practice: *Joint operation group between public agencies*[i]

Further information	
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Useful sources and resources	Website of the State Labour Inspectorate of the Republic of Lithuania:
	https://oiraproject.eu/en/Partners/state-labour-inspectorate-republic-lithuania
	List of institutions and their representatives performing control and prevention of illegal work.
	https://www.vdi.lt/Forms/Tema.aspx?Tema_ID=57

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[i] Good Practice Fiche: Joint operation group between public agencies, Norway. Available at: https://www.ela.europa.eu/sites/default/files/2021-09/Good%20Practice%20Fiche%20Norway%20-%20Joint%20Ops%20Groups_final.pdf