



Tackling under-declared employment through innovative approaches

**Learning resource paper from
thematic review workshop**

26-27 October 2022,
Estonia and online



European Platform
tackling undeclared work



EUROPEAN LABOUR AUTHORITY

The authors would like to thank all of the stakeholders consulted for their input into the Learning Resource Paper.
Manuscript completed in November 2022.

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The task has been carried out exclusively by Ruslan Stefanov, Daniela Mineva, Petar Terziev, Vitosha Research (Center for the Study of Democracy Group) and Bettina Haidinger (FORBA), in collaboration with ICF and it has been financed by the European Labour Authority. The document has been prepared for the European Labour Authority, however, it reflects the views of the authors only. The information contained in this report does not reflect the views or the official position of the European Labour Authority or the European Platform tackling undeclared work.



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1.0 Introduction

This learning resource paper builds on discussions at the thematic review workshop (TRW) on tackling under-declared employment through innovative approaches. The hybrid event was held in Tallinn, Estonia and online on 26-27 October 2022. The workshop brought together 40 participants in total including thematic experts from 22 countries, representing labour and social security inspectorates, various ministries, and European and national social partners. European Labour Authority (ELA) representatives were also present. The meeting minutes can be found online [here](#).

The TRW provided an opportunity to exchange practices, identify elements that could be transferred to other contexts, and deepen understanding of:

- ▶ the range and type of measures available to tackle under-declared employment;
- ▶ the actions that can be taken in different sectors, with a particular focus on road transport.

1.1 Background

The European Platform tackling Undeclared Work (the Platform)'s glossary defines under-declared employment as a situation where 'formal employers pursue the illegal practice of reducing their tax and social security payments, and therefore labour costs, by under-declaring the remuneration of employees. This occurs when employers pay their formal employees two salaries: an officially declared salary and an additional undeclared ("envelope") wage, which is hidden from the authorities for tax and social security purposes. Alternatively, an employer can under-declare the number of hours an employee works, so as to evade paying the minimum wage'. This practice is particularly prominent in the case of low-skilled workers¹.

According to a 2019 Eurobarometer survey², 1 in 33 formal employees had received an additional 'envelope wage' from their legal employer in the previous year. Of those receiving an envelope wage, 42 % received this additional compensation for overtime/extra work, 29 % for both their regular work and overtime/extra work, and 25 % for their regular employment. This demonstrates that 'envelope wages' are more often used for overtime work, extra work or bonus payments than to remunerate regular work. The 2019 Eurobarometer survey used a series of direct questions to formal employees to break down the types of additional payments associated with under-declared employment³. The findings revealed that in the previous 12 months:

- ▶ 3 % of all legal employees had received a cash supplement to their officially declared wage, always in the same amount;
- ▶ 4 % had received cash supplements to their official declared wage, which varied according to professional achievements (e.g. if they meet or exceed targets);

¹ Williams, C.C. and Horodnic, I.A. (2017). 'Evaluating the illegal employer practice of under-reporting employees' salaries', *British Journal of Industrial Relations*, Vol. 55, No. 1, pp. 83-111. Available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3589631 [02.09.2022].

² European Commission, (2020). Eurobarometer 2019, Available at: <https://europa.eu/eurobarometer/surveys/detail/2250> [02.09.2022].

³ The 2019 Eurobarometer survey asked if a person: a) receives a cash supplement to their official wage and the amount is always the same; b) receives cash supplements to their official declared wage, which vary according to professional achievements (e.g. met or exceed targets); c) if the pay varies depending on the total number of hours worked, but only a fixed amount is declared, and d) if the pay is fixed, although the person occasionally receives additional undeclared payments (e.g. holiday allowances, 13th-month wage, bonuses).

- ▶ 5 % reported that their pay had varied depending on the total number of hours worked, but only a fixed amount was declared;
- ▶ 10 % said that their official income had remained the same, although they occasionally received additional undeclared payments (e.g. holiday allowances, 13th-month wage, or bonuses).

Based on these results, at least 22 % of all formal employees had engaged in under-declared employment during the previous 12 months. In addition to the ‘conventional’ types of under-declared work listed above, ‘modern’ emergent forms⁴ of the practice were not included the 2019 Eurobarometer survey (e.g. crypto-currencies) or were assessed by Eurobarometer as undeclared (instead of under-declared) work. This suggests that under-declared employment is far from a minor practice (see Figure 1).

Figure 1. Types of under-declared employment

‘Conventional’ under-declared work	Under-declaration of working time
	Payment of ‘envelope’ wage for over/extra work, the regular work, or both
	Payment of daily allowances as part of the (minimum) wage
	Use of performance-based payment instead of the correct hourly rate
‘Modern’ emergent forms of under-declared work	Non-declaring of a second job and under-declared self-employment
	Not reporting income from online trade/services and the misuse of collaborative platforms
	Concealing money transactions using crypto-currencies or unregulated/secretive electronic money transfers

Source: ICF/CSD report on tackling under-declared employment in the European Union, based on the Fifth Plenary meeting of the European Platform tackling undeclared work in October 2018.

The motivation for under-declared work can vary, depending on the person’s economic situation, the sector and availability of workplaces, tax morale, and trust in the government and institutions. It is possible to distinguish four types of employees receiving envelope wages^{5,6} (see Figure 2).

⁴ European Platform tackling undeclared work, (October 2018). *Report on tackling under-declared employment in the European Union*. Fifth Plenary meeting of the European Platform tackling undeclared work. Available at: <https://www.ela.europa.eu/sites/default/files/2021-09/Outcomes%20Report%20Tackling%20under-declared%20employment%20in%20the%20EU.pdf> [01.09.2022].

⁵ The 2019 Eurobarometer survey also described modern forms of undeclared work. According to the survey, 9 % of the respondents had used either a mobile app, an online tool or a specialised website to offer some of the undeclared goods or services in the last 12 months, while 4 % had used such methods to offer all of their services. While the Eurobarometer question on digital platforms referred to undeclared, rather than under-declared, work, it is likely that the increase in online services due to the pandemic in 2020 and 2021 created new forms of under-declared work.

⁶ European Platform tackling undeclared work, (2017). *Under-declaring work, falsely declaring work: under-declared employment in the European Union*. Available at: <https://ec.europa.eu/social/BlobServlet?docId=18376&langId=en> [29.11.2022].

Figure 2. Types of employees receiving envelope wages

Under-declared by deception	Employees being offered a job at a certain take-home pay rate by an employer that does not mention that only a portion will be officially declared
Reluctant voluntarists	Employees giving their consent to under-declaration, but doing so reluctantly, due to the lack of alternative employment opportunities
Monetary rationalists	Job candidates being offered a choice between a higher take-home pay with a low amount as a declared salary and the rest as an envelope wage, or a much lower take-home pay if the salary is fully declared
Pure voluntarists	<u>Employees giving their unconditional agreement to receive envelope wages</u>

Source: ICF/CSD, based on based on European Platform tackling undeclared work, (2017). Under-declaring work, falsely declaring work: under-declared employment in the European Union.

A similar typology can also be provided also for employers, based on their motivation to engage in informal activities. However, it should be noted that for employers, the terms ‘informality’ or ‘informal entrepreneurship’ do not only refer to the practice of engaging in under-declared or undeclared employment, but also to hiding income (turnover) and/or performing tax and VAT fraud. The factors that could influence an employer’s decision to engage in informal activities can include business characteristics (e.g. number of employees, productivity, book-keeping, etc.), entrepreneur’s characteristics (e.g. age, skills, education, gender, etc.), business purpose (e.g. subsistence, growth, etc.), market conditions (e.g. access to credit, infrastructure, etc.), costs of doing business and institutional conditions (e.g. high transaction costs, trust, corruption, public services, etc.), labour (e.g. skills, availability, wages, etc.), business culture and traditions (e.g. tax morale, consumer confidence, etc.), and business relations (e.g. associates, clusters, etc.).⁷ The different combinations from these factors usually result in three possible company strategies, based on the following views:

- ▶ **Survival view** – companies that do not have a choice but working in the informal sector.
- ▶ **Parasite view** - companies that are productive enough to enter the formal sector but choose not to do so because it is more profitable to operate in the informal sector.
- ▶ **De Soto’s view** - potentially productive informal companies that operate informally because of high entry costs. If the latter were removed, these companies would enter the formal sector and improve their performance.^{8,9}

An alternative typology of informal entrepreneurship is presented below, based on whether the companies operate wholly or partially in the informal sector, and whether they have the intention of formalising in the foreseeable future.

Table 1. Typology of informal entrepreneurship

⁷ World Bank, (7 December 2020). Out of the shadows: Unlocking the economic potential of informal businesses. Available at: <https://blogs.worldbank.org/psd/out-shadows-unlocking-economic-potential-informal-businesses> [04.01.2023].

⁸ Verónica Pedroni, F., Pesce, G. and Briozzo, A., (2022). Why do Firms Operate Informally? Insights from a Systematic Literature Review. *Innovar*. Available at: <https://revistas.unal.edu.co/index.php/innovar/article/view/99451> [04.01.2023].

⁹ De-Soto, H., Ghersi, E., & Ghibellini, M., (1987). *El otro sendero. La Oveja Negra*.



Type of Informal Entrepreneur	Description	Intention to formalise
Wholly temporarily	Operating unregistered enterprises wholly in the informal economy	No intention of formalising in the foreseeable future
Wholly temporarily	Operating unregistered enterprises wholly informally	Operating unregistered enterprises wholly informally
Partially permanent	Operating registered businesses and paying tax but not declaring a proportion of their income	No intention of increasing the share that is declared
Partially temporary	Operating registered businesses that do not declare a proportion of their income	Intention to or already making the transition to the formal economy

Source: Williams, C. C., (2016). Informal Sector Entrepreneurship, A background paper for the OECD Centre for Entrepreneurship, SMEs and Local Development. Available at: <https://www.oecd.org/employment/leed/Background-Paper-PB-Informal-Entrepreneurship-final.pdf>

2.0 Deterrence policy measures

Key findings

- ▶ Better risk assessment based on open data can increase detection efficiency, leading to higher inspection success rates.
- ▶ A holistic approach is necessary to tackle under-declared work. Sanctions should not be ignored as a tool in a wider mix of measures.
- ▶ Cooperation between authorities at national and cross-border level is essential for accurate detection of under-declared work. Risk assessment systems increasingly rely on interinstitutional data to detect infractions.

2.1 Current state and good practice examples

Labour authorities across the European Union (EU) are increasingly applying more sophisticated electronic risk assessment systems (including those based on open data) to improve the detection of under-declared and undeclared work (see Figure 3). Risk scoring (Denmark, Finland and Lithuania) and company tax performance ratings (Estonia) can help labour and tax authorities to recognise irregularities in companies more quickly and efficiently than regular inspections alone. Using risk assessment systems also increases the efficiency of the authorities' use of human resources, as these systems lead to more focused investigations and inspections. However, risk assessment systems often rely on the political will of institutions to cooperate and exchange data as transparently as possible.

Figure 3. Effective deterrence approaches

Data mining

Sophisticated risk assessment systems

Well-prepared, targeted, on-site inspections

Joint inspections between various authorities

Exclusion of companies from public procurement procedures

Black lists

Source: ICF/CSD, (2022).

These approaches are described below using the good practice examples presented by enforcement authorities at the TRW.

Box 1. Estonia: Cooperation and exchange of information within the public sector: risk analysis through tax behaviour ratings

The Estonian Tax and Customs Board (ETCB) cooperates with the Estonian Labour Inspectorate, the police, and the Estonian Unemployment Insurance Fund (*Töötukassa*), among others, to tackle under-declared work. The Estonian Labour Inspectorate forwards any signals (i.e. suspicions) of under-declared work from its counselling line to the ETCB¹⁰. Its Labour Dispute Committees also send the ETCB information on disputes about unpaid or underpaid wages between employers and employees. Exchanging information and carrying out joint inspections are based on cooperation agreements between the authorities. The different authorities meet to discuss possible inspections: each party provides a list of suggested inspections, based on the risks assessment carried out internally. Based on these discussions, some inspections are selected. The authorities' agreement sets out that if an indication of a law violation is found, they will exchange the information necessary to identify the infringement and then decide together how to proceed. Transparency and cooperation between authorities are crucial, as, alone, they have only limited capacity to tackle undeclared and under-declared work.

The ETCB has developed a transparent and publicly accessible database of all companies operating in Estonia. The database is based on taxpayers' declarations and provides general company financial data (operating revenue, taxes on workforce, number of employees), as well as data on infringements¹¹. Similarly, the ETCB homepage offers detailed data on companies from the Estonian Procurement Registry and the e-Business Registry. This level of transparency allows institutions to directly obtain company data without needing interinstitutional data requests and to identify if under-declared work is occurring, based on taxes paid per employee. Other companies can also check if their business partners have any past infringements.

The ETCB and the Labour Inspectorate regularly use the Estonia e Business Registry for data mining on company information. To reduce the administrative burden on the legal entities, the Registry contacts the managerial staff of a company to provide the necessary data only once¹². That information is then shared with other registries, which make their own updates. Data on employees are obtained from the Employment Registry. The data from all sources are merged and used during inspections and/or checks on potential irregularities. The ETCB is constantly seeking innovative ways to improve data collection and support the detection of

¹⁰ The Estonian Labour Inspectorate has a 24/7 email and phone counselling line, which provides free legal advice on labour law and occupational health and safety. All information gathered from the counselling line dealing with under-declared or undeclared work is forwarded to ETCB.

¹¹ Data are accessible once the company identification (ID) number is known.

¹² The e-Business Registry initially obtains: company ID, field of activity, contacts and location.

infringements. However, General Data Protection Regulation (GDPR) rules can impede certain practices, including data scraping from open internet sources.

One of the ETCB's services that may add the highest value in tackling under-declared work is its 'tax behaviour ratings'. This e-service was launched in summer 2020 to provide companies with feedback and information on the risk profile of their tax behaviour (i.e. how close they are to potential infringements). The rating service allows business operators to see themselves from the tax authority's point of view. Based on the analysis of data submitted to the ETCB by business operators, the service helps businesses to comply with tax regulations. Business operators can use the information to correct their deficiencies and avoid more intrusive and costly tax controls. They can also share their tax behaviour ratings with other companies or make them public. The tax behaviour ratings include an 'average wages' rating based on data from the last 12 months. Where the average wage in the company is significantly lower than the national average wage in the same sector, this may indicate that employees are receiving envelope wages. The tax behaviour ratings rank the companies into three categories based on their level of compliance: 1. Everything is in order (green); 2. Some tax deficiencies (yellow); 3. Significant deficiencies (red). Due to the openness of the data – which are publicly available for all companies – the tax behaviour ratings could also be used as excellence labels (or white lists) in the future, attracting potential future business partners.

Box 2. Lithuania: Use of a risk assessment system to identify potential under-declared employment

Before 2011, the Lithuanian State Labour Inspectorate (SLI) focused on punitive measures as a means of tackling undeclared and under-declared work. Since then, however, efforts have shifted towards the use of counselling, education, and development of social dialogue, with inspections and sanctions seen as 'last resorts'. Lithuania's transformation of the inspection system was accompanied by the introduction of an electronic declaration system and risk assessment-based inspections.

The risk assessment system is designed to detect companies where potential violations of occupational safety and health and safety (OSH) and under-declared work could take place. It uses data mining to obtain company data, which are then analysed using more than 60 criteria, separated into risk-increasing and risk-reducing factors (see Figure 4).

Figure 4. Risk assessment algorithm and criteria used by the Lithuanian Labour Inspectorate

Risk-reducing factors	Does the company belong to an association or confederation?
	Does the company have a collective agreement?
	Do workers belong to a trade union and/or is a work council set up in the company?
	Has the company implemented a social responsibility standard (e.g. standard SA8000) or achieved socially responsible business status?
Risk-increasing factors	Low duration of activity
	Below average salary for the sector
	High proportion of employees working at the minimum/less than minimum wage
	Discrepancies between the average company turnover per employee and the sectoral average
	More than 50 % part-time employees
	Low proportion of recruited staff who have worked for no more than two years
	Delays in paying labour-related taxes to the Social Security Fund and the Tax Authority

Source: ICF/CSD, (2022).

After the risk assessment, each case is categorised according to the severity of the risk. Similar to Estonia, the Lithuanian State Labour Inspectorate (SLI) ranks the risk profile of companies in red, yellow and green zones. The red zone is associated with very high risks that necessitate further checks. The company falls under the priority planned control of the SLI, and inspections are carried out following complaints and notifications. The yellow zone relates to medium risk and requires ongoing monitoring. The company is not subject to SLI priority proactive inspection, but performance investigations may be carried out without a visit to the company, by requesting documents and data. Companies in the green, low-risk zone are not subject to SLI priority proactive inspections. Again, however, investigations may be carried out without a visit, by requesting that the companies send information and documents in electronic format. Complaints and notifications are typically not investigated.

Proactive inspections of companies falling into the prescribed range of risk 'Inspect' (red and yellow zones) are conducted no more than once every three years. Companies that sent the SLI information on their compliance within the requirements of the legislation and the procedures laid down by the Chief State Labour Inspector are not subject to proactive inspections three years from the date of the last declaration. Entities on the list of routine quarterly inspections are informed about the inspection at least 10 working days beforehand. If violations of under-declared work are detected, companies are given warnings or sanctions. The sanction for a company for under-declared work ranges from EUR 200 to EUR 600 per worker, while for individual employers (physical persons) it ranges from EUR 300 to EUR 1 450.

Box 3. Denmark: A new approach to registration and risk-scoring

Since 2021, the Danish Tax Agency has aimed to develop innovative registration and risk-scoring models and improve the quality of companies' basic registrations. It recognised that the Danish economy is increasingly subject to irregularities at cross-border level. Accordingly, the new risk-scoring model targets foreign businesses with activities in Denmark, as well as Danish companies with activities abroad (approximately 3 700). The system of registration and risk-scoring has four phases:

- ▶ **Registration phase:** registration of all businesses and individuals regarding their tax obligations;
- ▶ **Declaration phase:** reporting and declaration (i.e. gathering information on income and tax deductions, including information from third parties);
- ▶ **Payment phase:** pay-outs, payments and collection (i.e. reconciliation and collection);
- ▶ **Review phase:** reviewing whether the previous phases resulted in correct tax payments and reviewing selected segments based on a risk assessment.

At national level, the Danish Tax Agency cooperates with the Danish Working Environment Authority, the Danish Business Authority (which shares business registration tasks), the Confederation of Danish Industry, the Danish Chamber of Commerce, and the Danish auditors – FSR, and SMEDenmark.

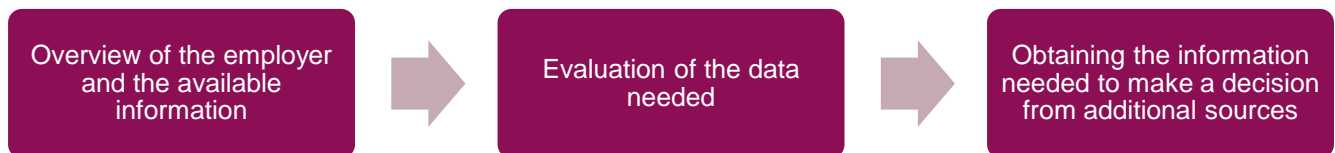
Box 4. Finland: Tackling under-declared employment by means of taxation: joint investigations

The Finnish Tax Administration tackles under-declared (and undeclared) work through a penalty system based on a risk-dependent target selection. The initiative is mainly customer-oriented and seeks to make physical and legal persons aware of their obligation to report tax-related information correctly. Depending on the risk, a sliding

scale of different control means applies, including: a) tax guidance and counselling; b) tax supervision (declaration control, desk audits); and c) tax audit (independently, or in cooperation with other authorities).

The Finnish Tax Administration obtains information on income from employees and employers, all of whom have reporting obligations. Employers are required to input detailed information about their earnings to the Incomes Register within five days of payment. Once registered, multiple authorities have access to this information. The employee is obliged to check the pre-completed tax return and make the necessary corrections. Data from the tax declarations are then compared with third-party sources. The Finnish Tax Administration also receives tips of possible under-declaration of income from other authorities, as well by citizens or companies. The system triggers an investigation if there is a discrepancy between the declared data and the data from previous periods, information obtained from third parties and employees, or when the company exhibits tax behaviour unlike other businesses in the sector. Thus, the system can provide grounds for a joint investigation with one or more authorities where there is any suspicion of under-declared work (Tax Administration, the police, Regional State Administrative Agency, Finnish Centre for Pensions, etc.).

Figure 5. Investigation process in the Finnish Tax Administration



Source: ICF/CSD, (2022).

Labour inspectorates often mention exclusion from public procurement and blacklists as deterrence measures used to tackle under-declared work.

Box 5. Slovakia: Exclusion from public procurement and the use of non-compliance lists

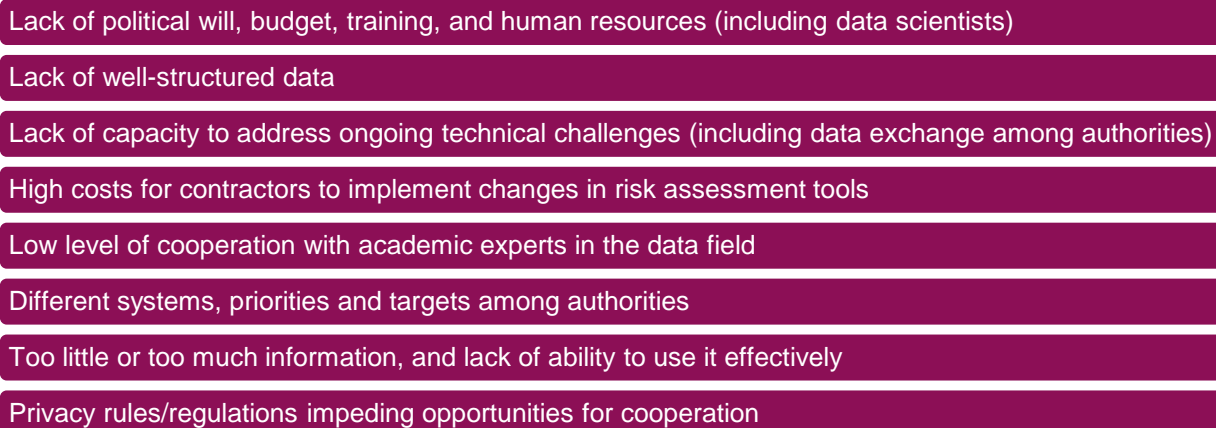
Employers who have engaged in illicit employment are listed in a publicly accessible list. Not being on any such list is a precondition for: (i) issuing a residence permit for the employment of third-country nationals; (ii) issuing a permit for a temporary employment agency (conversely, entry on the list can see an issued permit withdrawn); (iii) receiving State aid related to the COVID-19 pandemic; (iv) receipt of subsidies from the State budget; (v) receipt of EU funds. Due to the public nature of the list, banks can check if a company presents a financial and integrity risk and withhold the granting of a loan, for example. Repeated instances of under-declared or undeclared work can see a company's commercial licence revoked¹³.

2.2 Challenges

Participants at the TRW highlighted that tackling under-declared work is an ongoing effort and can be impacted or hindered by different challenges, such as the lack of trained human resources, budget, technical bottlenecks, and time constraints (see Figure 6).

¹³ ELA, (2022). *Effective penalty measures for tackling undeclared work, including through cost-effective administrative actions*. Learning resource paper. Available at: <https://www.ela.europa.eu/sites/default/files/2022-09/UDW-Learning-resource-paper-TRW-Effective-penalty-measures-2022-EN.pdf> [19.11.2022].

Figure 6. Challenges in implementing deterrence policy measures



Source: ICF/CSD, (2022).

The Estonian experience showed that if inspections are not well-coordinated within and between authorities, the efforts may overlap and different officers deal with the same person or company. Even when the cooperation among authorities is efficient, **the positive effect of reducing under-declared and/or undeclared work in a sector or a geographical region might not last without sustained monitoring or the continuous application of an effective mix of measures.** There is a need for coherent operational models and procedures for cooperation at national and cross-border level. For example, Member States have different reporting obligations - the Finnish system focuses on reporting income, while other systems, focus more on reporting the contracts or hours of work. This lack of a unified data gathering approach can further hinder cross-border information exchange.

Identifying the existing challenges is the first step towards finding solutions. This was showcased by the SLI, which noted that the lack of financial and human resources was the main reason for establishing the electronic declaration system and introducing data mining and risk assessment-based inspections. Any system of (effective) deterrence measures needs to continuously evolve to take stock of new realities on the ground (e.g. platform economy, pandemic) and balance existing resources, as well as the need for more holistic (and thus typically costlier) approaches.

3.0 Preventative policy measures

Key conclusions

- ▶ Media campaigns can be an efficient approach to informing the general population about the negative consequences of under-declared work. However, they need to be repeated regularly if they are to maintain their efficiency.
- ▶ Choosing the target community carefully is crucial to the success of public campaigns. The role and possibilities of social media should not be underestimated.
- ▶ Technological solutions (e.g. smart handheld devices) can help to boost the effect of preventive measures.
- ▶ Notification letters are an efficient way to improve the regularisation of companies while decreasing the resource burden on labour authorities. If they are to be effective in tackling under-declared work, the



nudging needs to be targeted and connected to inspection results. The letters also need to be repeated after adjusting the message for optimal impact.

3.1 Current state and good practice examples

Participants at the TRW presented several good practice examples in preventing under-declared work (see Figure 7). The main approaches related to awareness-raising, consultation and training for workers and employers, facilitating compliance and information submission. The participants discussed how these measures and policies could be facilitated by the use of various technological solutions, hand-held devices and smartphone apps.

Figure 7. Key preventive approaches in tackling under-declared work

Awareness-raising and counselling (focusing on wide range of issues - parental leave, pensions, health insurance, public services, personal loans, income tax)

Notification letters

Consulting applied before sanctioning so as to change the behaviour of controlling institutions from punitive to supportive

Educating consumers on using companies named on 'compliance lists';

Facilitating compliance (e.g. employee obligations to check/correct pre-completed tax return)

Using social media, smartphone apps, targeted information campaigns and tax incentives

Hand-held devices (courier services) and tachographs (transport sector)

Licensing of companies

Check-in at work

Advice on consumers' rights and duties

Training within trade unions and for students

Source: ICF/CSD, (2022).

These approaches are described below, using good practice examples presented by enforcement authorities at the TRW.

Box 6. Estonia: Media campaigns with a focus on under-declared work

Estonia has placed particular emphasis on media campaigns to tackle undeclared work. Since 2018, the ETCB has initiated four campaigns¹⁴ covering parental leave, pension, health insurance, public services, personal

¹⁴ ETCB, (2018). 'Thank you for paying taxes'; ETCB, (2021). 'Paying taxes together we strengthen Estonia!'; ETCB, (2021-2022). 'Tax and Customs Knowledge'; ETCB, (2022). 'Convert salary takes more than it gives'.

loans, and income tax. The 'Tax and Customs Knowledge' campaign educated middle and high-school students through videos sharing information on Estonia's taxation principles and system.

The media campaigns gained significant traction in the online space and led to an overall decrease in undeclared and under-declared work, from 6.5 % in 2019 to 4 % in 2021. The authorities recognised that between 2019-2021 there was a growing trend in the use of envelope wages among under-25s, thus future media campaigns will target under-declared work among young people.

Box 7. Spain and Greece: Notification letters as a preventive policy measure

Both Greece and Spain use notification letters as a preventive policy measure to nudge companies towards regularisation of under-declared and/or undeclared work. Their experience shows that notification letters based on risk detection by an assessment tool are a more resource-efficient approach than direct inspections.

In Spain, the detection of irregularities is based on the Anti-fraud tool¹⁵. The procedure for sending notification letters and the step-by-step process to tackling undeclared and under-declared work are grounded in the Spanish Strategic Plan 2021-2023¹⁶ of the State Agency Labour and Social Security Inspectorate (ITSS). Letters are sent to the identified potentially fraudulent companies, informing them of the irregularity and setting a deadline for regularisation. If the company does not address the request, a labour inspection follows. Two indicators measure the effectiveness of the notification letters:

- ▶ Effectiveness of the action plan (number of regularisations following receipt of the letters);
- ▶ Accuracy of selecting potentially fraudulent companies (based on results of follow-up inspections).

The ITSS estimated that the success rate in 2018 was 18 % (8 800 workers regularised out of 50 300). By 2022, the effectiveness of the policy had grown to 68.3 % (24 700 regularised workers from a possible 36 100)¹⁷. Notification letters have a clear dissuasive effect on non-compliant companies and increase the regularisation of wages and social security contributions, at a reduced cost. However, efficiency depends on company selection.

The Hellenic Labour Inspectorate (HLI) in Greece introduced three different types of notification letters and measured their impact to identify the most effective type of nudging. The HLI carried out a study measuring four approaches: a) gentle nudge letters; b) strong nudge letters; c) announced inspection letters; and d) unannounced inspections. The study focused on four provinces (local administrative units) in two business sectors (hotel, retail and catering, HORECA, and personal services), targeting 2 500 companies. The red flag indicators used to identify the companies to be targeted by notification letters included:

- ▶ High number of recruits and layoffs in the ERGANI information system;
- ▶ Fines for undeclared or under-declared work in the past two years;
- ▶ High number of part-time employees;
- ▶ High number of changes in employees' contracts from full-time to part-time;

¹⁵ European Platform tackling undeclared work, (2018). Anti-fraud Tool Unit, Spain. Brussels: European Platform tackling undeclared work. Available online at: <https://ec.europa.eu/social/BlobServlet?docId=20240&langId=en> [25.11.2022].

¹⁶ ITSS, *Active, operative and comprehensive plan to tackle precarious employment, to guarantee workers' rights and to strengthen human and material resources of the Labour and Social Security Inspectorate (ITSS)*.

¹⁷ In 2019, effectiveness was estimated at 16 % (23 300 regularised workers out of 148 700); in 2021, the success rate grew to 67.1 %, with 32 000 workers regularised out of 47 700.



- ▶ High number of changes in employees' working hours.

Three of the four provinces showed an increase in undeclared work detection compared to the previous year. Compared to the rest of the country, all four provinces showed:

- ▶ A significant increase in full-time contract declarations;
- ▶ A decrease in part-time contracts (transformation into full-time);
- ▶ An increase in declared overtime.

Greece identified several success factors for the use of notification letters **Error! Reference source not found.**

- ▶ Detailed plan and allocation of sufficient and competent human resources at the preparation, implementation, and evaluation phases;
- ▶ Active involvement of local labour inspectors in the company selection process;
- ▶ Efficient training of labour inspectors for the proper use of tools;
- ▶ Close cooperation between project management team and labour inspectors;
- ▶ Effective configuration of the risk assessment tool and continuous evaluation of the red flag indicators' effectiveness;
- ▶ Collection of quantitative and qualitative data for detailed project assessment.

Participants at the TRW noted that the effectiveness of notification letters is increased when employees are also notified about their overly low wages and/or insufficient social security contributions. In Estonia, employees fill in tax forms that can be checked at any time (before and during tax declaration). They also receive emails on social security registration. Finland obliges employees to fill in tax forms, and the same system allows them to check if their salary is correctly registered. The ERGANI system in Greece is also open to workers. In Lithuania, every employee receives information on the social security payments made in their name and they can compare salaries within a sector. In Spain, workers receive a message on their mobile phone once they have registered with the social security system

Box 8. Finland and Lithuania: Facilitating compliance and modernising formal institutions

In Finland, employees are obliged to check and confirm/correct their pre-filled tax return each year. This practice facilitates compliance and acts as a preventive measure, closely linked to the deterrence tax audits. The use of pre-filled tax returns in Finland and electronic declaration systems in Lithuania are among the good practice examples of modernising formal institutions to the benefit of their customers (physical or legal persons). Improvements in formal institutions increase citizens' trust, which reinforces higher compliance.

3.2 Challenges

The implementation of preventive policy measures faces a number of challenges. In Spain, for example, the ITSS is not always able to find and reach all targeted companies through electronic notifications, and while the nudging approach is efficient in tackling under-declared and undeclared work, it had only limited success in decreasing other types of fraud. Similarly in Greece, a significant number of employers did not receive or did not pay attention to the emails/letters. Analysis of quantitative and qualitative data on the impact of the notification letters or media campaigns is complex and time-consuming. There is also a need for trained personnel who can adjust the content

of the nudge letters or media campaigns in order to better convey the message. Figure 8 presents a full list of the challenges in implementing preventive policy measures that emerged during the working group discussions.

Figure 8. Challenges in implementing preventive policy measures

- Need to modernise formal institutions and update the legal framework
- Need for broader cooperation with social partners
- Preventive measures need to be repeated to maintain their efficiency, but also need to be updated and diversified
- Cost-effectiveness of media campaigns can be difficult to evaluate and it may be difficult to identify the correct target group
- Nudging needs to be targeted, connected to results from inspections, and repeated after adjusting the message
- Targeted inspections following the nudge letters require more resources and time at central and local level
- Employers could deny receiving the emails/letters or ignore them
- Analysis of quantitative and qualitative data for key performance indicators (KPIs) is complex and time-consuming
- Indirect results (e.g. change in behaviour) cannot not be observed immediately after applying the measure

Source: ICF/CSD, (2022).

4.0 Tackling under-declared employment in the road transport sector

Key conclusions

- ▶ Participants agreed that **exchange of and access to data**, including tachograph data, is an important means for enforcement authorities to detect under-declared work in the road transport sector. Inspectors should be trained to interpret and analyse information collected through these digital instruments.
- ▶ Participants were interested in **instruments to exploit data stored on devices used in the delivery process**. In the Netherlands, the handheld (digital scanner) is a useful source of information to investigate undeclared work. It is also a good tracing tool to find out about the courier's direct employer, the employer's contractor, or the client sub-subcontracting to the courier's employer.
- ▶ Joint inspections at roadsides are a key tool to detect under-declared work in road transport, as is **interinstitutional cooperation** to follow-up inspection outcomes, but implementation could be improved. ELA is expected to play an important role in supporting Member States to intensify cross-border interinstitutional cooperation.
- ▶ More emphasis needs to be placed on **joint awareness-raising campaigns** to tackle undeclared work. Social partner involvement can help to improve preventive approaches and increase sector-specific knowledge.

- ▶ Drivers and transport operators lack information on their rights and obligations. **Informing and approaching drivers and transport operators** using adequate tools and language would be a useful preventive approach.

Under-declared work in road freight transport is receiving growing attention. Non-compliant registration of drivers (working time, place of work, posting regulations in international road haulage, last-mile road freight transport, notably parcel delivery) have been found to entail underpayment and tax and social security fraud. Inspections exposed systematic failures of companies to comply with sector-specific and general regulations. In the **Netherlands**, for instance, investigations revealed that at least 40 % of couriers worked undeclared or under-declared in companies subcontracted by major logistics service providers.

'Mobility Package I'¹⁸ provides for comprehensive legislative measures in the form of increased sanctions and improved detection of under-declared work in **international road transport**. ELA supports Member States to enforce the social aspects of the sectoral EU legislation. Throughout 2022, its framework for action¹⁹ engaged in concrete initiatives, including the publication of information for drivers and operators²⁰, an awareness-raising campaign²¹, support for concerted and joint inspections²², and capacity-building. Participants welcomed ELA's activities in tackling under-declared work in international road transport and encouraged greater exchange and cooperation of inspectorates.

Policy approaches to tackling under-declared work in road freight transport include **deterrence measures** to detect and investigate under-declared work, including in subcontracting chains. The Dutch example showed how digital tools are used for inspection purposes to exploit data stored on the instruments used in the delivery process. From Portugal, participants learned about comprehensive obligatory registration tools in road transport. **Preventive measures** discussed included Norway's provision of information and advice to employees and employers, using multilingual information material to convey basic information about the existing regulatory framework.

4.1 Deterrence measures in the road transport sector

The deterrence measures presented by national enforcement authorities and discussed during the TRW included the use of digital tools and databases to improve enforcement, including monitoring subcontracting chains. Participants emphasised the importance of interinstitutional cooperation between the competent authorities within and across Member States in detecting road transport infringements (particularly in social security).

4.1.1 Better use of digital enforcement tools

In international transport, the **smart tachograph** is the key instrument used to inspect drivers' driving and rest times. It can also be used to examine the **under-reporting of working time**, which is one of the most widespread types of under-declared work. By August 2025, all light vehicles (international transport only) and heavy

¹⁸ European Commission, *Mobility Package I*. Available at: https://transport.ec.europa.eu/transport-modes/road/mobility-package-i_en [25.11.2022].

¹⁹ ELA, (2022). *ELA Framework for Action on Road Transport*. Available at: <https://www.ela.europa.eu/sites/default/files/2022-03/ela-framework-action-road-transport-2022.pdf> [25.11.2022].

²⁰ ELA, (21 June 2022). *Leaflets on 'Driving and Resting Times' and 'Posting of drivers' available online now!* Press release. Available at: <https://www.ela.europa.eu/en/news/leaflets-driving-and-resting-times-and-posting-drivers-available-online-now> [25.11.2022].

²¹ ELA, (12 October 2022). *ELA launches an information and awareness raising campaign #Road2FairTransport*. Press release. Available at: <https://www.ela.europa.eu/en/news/european-labour-authority-ela-launches-information-and-awareness-raising-campaign> [25.11.2022].

²² ELA, (3 November 2022). *Many infringements discovered during the third action week on Road Transport this year, coordinated by European Labour Authority*. Press release. Available at: <https://www.ela.europa.eu/en/news/many-infringements-discovered-during-third-action-week-road-transport-year-coordinated> [25.11.2022].

commercial vehicles need to be retrofitted with the smart tachograph. The smart tachograph will be equipped with digital features, including being connected to a satellite navigation system and equipped with remote communication technology to facilitate targeted roadside checks.

The use of the tachograph and data readings could be improved. In **Spain**, specific digital tools have been developed to facilitate reading of tachograph data and the inspection process. The Labour Inspectorate receives training on accessing and reading these data. In other countries, labour inspectorates do not have the competences and tools to access tachograph data and must rely on support and cooperation of other enforcement bodies, notably police specialised in road transport.

For drivers, the documentation of working time and driving time is the most important proof of their actual working time. Drivers should not only consider the tachograph as a control instrument that induces fines when rest and driving times are breached, but as a useful archive to document their working time. The Belgian trade union BTB-ABVV published a booklet²³ in 10 languages, assisting drivers to use their vehicle's tachograph to document their working, availability and driving time. Drivers can access tachograph data through their driver card, provided they have the software to read out the data. One suggestion was to make this software easily available for download, along with accurate information on drivers' rights and entitlements.

In addition to the tachograph, other (digital) tools documenting the work process (e.g. handheld devices, GPS data) help to detect under-declared work. The Dutch authorities use couriers' handheld devices to check working time, delivery routes, consignors and consignees, and to detect infringements related to working time, pay and wage-related contributions (see Box 9).

Box 9. Handheld devices as an effective instrument to tackle under-declared work in goods transport (the Netherlands)

In the Dutch parcel delivery industry, four companies – PostNL, DHL, DPD and GLS – hold a 95 % share of the market. Their business model (partly) rests on subcontracting the delivery process. While couriers are correctly employed when working directly for the four logistics/postal companies, abuse is widespread among subcontracted entities, including un(der)declared work and illegal employment: infringements against labour and/or social security law were detected in 40 % of cases.

In investigating under-declared work in parcel delivery, the Dutch authorities are innovative in their use of the handheld device used by the courier in the delivery process. The Labour Inspectorate harnesses clients' (third-party logistics provider, postal incumbent) ability to digitally monitor the movement of parcels, the exact whereabouts of parcels, and exact time of arrival of couriers at the customer's location. The handheld is also a good tool to trace the chain and find out about the courier's direct employer, the employer's contractor, or the client sub-subcontracting to the courier's employer.

Every courier uses a 'handheld' provided by the client, which contains all relevant data to optimise the delivery process. The handheld is given to the courier in person and is owned by the principal company. During inspections, if, after checking with other databases, a suspicion of undeclared work arises, the Labour Inspectorate has the right to access data stored in the handheld. In the event of non-cooperation, companies (clients) are penalised with fines of up to EUR 8 000. The data give information on the timeframes of all deliveries, couriers' trajectories from the sorting centre to the delivery address, customers, transport operators (subcontractors) involved in the delivery of the parcels, and couriers' employment. Based on this information, the inspector can conduct further investigations at the premises of the subcontractor distributing parcels on behalf of the client. The information from the handheld, together with billing and revenue data from a

²³ BTB-ABVV, (2022). *Logbook*. Available at: <https://transfair-project.eu/wp-content/uploads/2022/04/Booklet-Using-Tachograph-to-document-Working-Time-BTB-ABVV.pdf> [29.11.2022].

(sub)contractor, provides a comprehensive picture of the principals' and the subcontractors' business activities. As similar business models and systems of tracking and tracing delivery routes are deployed by parcel delivery companies all over Europe, **this tool has the potential to be replicated in other countries.**

Targeted instruments such as checklists or questionnaires for interviewing drivers could help labour inspectorates to ask drivers accurate questions to detect under-declared work. Such instruments were presented by the Norwegian and Portuguese participants. An obligatory consignment note (e.g. driver card; *Convention relative au contrat de transport international de marchandises par route (CMR)*) or a **transport guide** such as the one used in Portugal, can facilitate the detection of under-declared work at roadside inspections, as the registration of the company, lawfulness of transport, and the companies in the transport chain can be checked directly. Again, the tachograph is a key instrument in such inspections.

Four other instruments to which labour inspectorates have partial access are used to check worker, operator, and vehicle data: (1) **Database on social security** is used for consultation during the roadside check. The Labour Inspectorate can check if and how (working time, remuneration) the driver is registered with the social security system. In case of suspicion of undeclared work, the company is notified to present other documents for clarification; (2) **Transport licence** is a publicly available list of all licensed transport operators for national and international transport; (3) **Transport guide** is a document that the driver needs to carry when providing transport services in Portugal, either in paper form or via an identification code. Applicable to transportation by heavy and light commercial vehicles, it contains information on the identification and address of the sender and buyer of the goods, a description of the goods with indication of quantities, loading and unloading places, and date and time of when the transportation began; (4) Detailed **questionnaire** to interrogate the driver in cases where database consultations do not provide sufficient information. It includes questions about the work situation of the driver, the vehicle, the cargo and the transport operator, tachograph data, and blank fields for inspectors' observations.

4.1.2 Interinstitutional cooperation

Cooperation and exchange of data between different enforcement bodies (labour inspectorates, financial police/customs, road police on behalf of transport ministries) that are competent for the inspection of different (interrelated) matters (e.g. remuneration, social legislation, rest and driving times, road safety, vehicle inspection, market access) is essential to detect under-declared work in national and international transport. **Cooperation obligations** are explicitly mentioned in EU legislation, and cooperation practices are developed to different degrees in the Member States. Good practices were reported in **Spain, Estonia and Bulgaria**, whose labour inspectorates cooperate with the transport authorities and police during roadside checks and in follow-up procedures. In **Spain**, future joint efforts will focus on the solution of complex cases, e.g. the dismantling of letterbox companies²⁴. Mutual training of labour, social and transport enforcement bodies can educate relevant staff on regulations in their non-specialised field, i.e. labour and social inspectors are trained in transport-related legislation, while enforcement bodies competent for road inspections and transport-related regulations are trained in relevant social and labour law.

An example of well-established interinstitutional cooperation was given by the **Danish Tax Authority**. The establishment of letterbox companies is used to cut costs by avoiding legal and conventional obligations such as taxation, social security, value-added tax and wages. One case concerned a Danish transport operator engaged in transport operations from Denmark to Lithuania. It changed its head office to Lithuania but kept its commercial

²⁴ Businesses that establish their domicile in one Member State through a mailing address, while conducting their actual activities in other Member States, often as a means of circumventing labour and social legislation.

and operational activities in Denmark. Proving the establishment of a letterbox company was highly complex and time-consuming: as infringements related to tax, labour and social security-related issues, cooperation between the competent authorities (tax authority, labour inspectorate, social security institutions) was crucial to collect enough evidence to prove that operational and business activities took place in Denmark, rather than abroad. The court concluded that the company was managed from Denmark and was therefore subject to Danish tax, social security and labour law.

4.2 Preventive measures in the road transport sector

Preventive measures include the distribution of targeted information to drivers and transport operators and the launch of awareness-raising campaigns. Another measure targets the prevention of abusive employer and principal client behaviour in subcontracting chains.

Norway distributed targeted information to drivers on their entitlements during roadside inspections (see Box 10). Transport operators can be reached through campaigns to improve compliance. Educational initiatives can be initiated in cooperation with social partners.

Box 10. Communicating with foreign drivers to prevent under-declared work (Norway)

Following the introduction of the Act on the general application of collective agreements concerning freight and passenger transport by road in 2015, the Norwegian Labour Inspectorate intensified inspections at roadsides, using various tools.

The Act stipulates that foreign drivers who run cabotage assignments or carry out combined transport are entitled to the general minimum wage in Norway. For drivers' planned overnight stays, the subsistence allowance must be paid in accordance with the Norwegian law. The Act also applies to drivers of tour buses (i.e. passenger transport) and includes clauses on joint and several liability.

The Norwegian Labour Inspectorate introduced several instruments:

- ▶ **Multilingual information** for drivers on the general application of collective agreements in Norway and the rules on subsistence allowances. Inspectors who speak foreign languages participated in roadside checks in order to overcome communication difficulties. Translation services (e.g. Google translate) were also used.
- ▶ **Questionnaires** (in 12 languages) are distributed to drivers at roadside inspections, allowing them to answer questions quickly and effectively discover under-declared work. The questionnaire positions the authority as a contact point to ensure drivers' safe working environment. Firstly, it makes drivers performing cabotage or combined transport in Norway aware that they are entitled to wages and working conditions according to Norwegian law, and notes that any information they provide can help them to claim the rights to which they are entitled.
- ▶ Information for Norwegian and foreign companies on their obligations as a transport and tour bus operator, especially in respect of drivers, is available on the [website](#) of the Norwegian National Labour Inspectorate. Where a roadside check detects an infringement, the employer receives a notification letter from the Norwegian authority. When transport companies are convicted of underpayment, they can be excluded from the provision of cabotage and combined transport operations in Norway.

Inspection figures show that 74 % of foreign freight transport operators violated the minimum wage during 2015-2017, as did 53 % of tour bus operators. In 2018, the shares were at 54 % and 77 %, respectively, while in 2019, they were 36 % and 25 %, respectively. In 2020 and 2021, no bus tours took place and violations of

minimum wage regulations of foreign transport operators fell to 20 % and 26 %. However, the number of inspections declined in those years as well. Minimum wage violations are at a much lower level among Norwegian transport operators, at between 0 and 30 %. In addition, underpayment of foreign drivers is much more pronounced: with some drivers only paid EUR 2.50 instead of the EUR 17-18 (NOK 185) to which they are entitled. The witness and testimony of drivers during roadside checks is crucial to building a case against a transport operator who underpays their employees.

Participants agreed that long subcontracting chains disguising the companies – logistics service providers, e-retailers, postal incumbents – benefitting from under-declared work practices continue to present a problem. **Specific liability or due diligence regulations** should be developed to prevent abusive employer and principal client behaviour. In Germany, client liability for the minimum wage can be claimed in the context of the minimum wage legislation (*Mindestlohngesetz*). The liability applies when an entrepreneur passes on their own contractual obligation to provide a work or service to a third party. Since 2015, the liability of the contracting entrepreneur relates to the entire subcontractor chain, i.e. employees of a sub-subcontractor in turn used by the contracted subcontractor can also assert a claim for payment of the minimum wage against the contracting entrepreneur. It has been successfully applied for posted workers in the transport sector. The so-called subcontractor liability for social insurance contributions (*Nachunternehmerhaftung*) was introduced for certain trades (including parcel delivery) in 2019. Subcontractor liability ensures that anyone who accepts a contract and subcontracts it to a subcontractor is jointly and severally liable, like a guarantor, for the social security contributions that their subcontractor must pay. Sector-specific tools and documents providing information about companies involved in the transport chain (e.g. the Netherlands example) can help to identify companies involved in the transport chain and to clarify liability claims.

4.3 Additional challenges

Although promising and effective instruments and approaches have already been adopted to tackle under-declared work in road transport, participants discussed some persistent challenges in tackling undeclared work in the road transport sector:

- ▶ Aligning complex European legislation with national legislation;
- ▶ While a range of digital control devices exists and electronic data sharing, registration and control tools could be used, **not all tools are accessible** for all inspectorates and some inspectorates use specific tools more than others;
- ▶ **Language barriers** during inspections - both when it comes to inspecting vehicle, transport and payroll documents and in informing drivers of their obligations, entitlements and rights;
- ▶ Some drivers **lack trust in enforcement authorities**, and this affects their will to cooperate and provide information;
- ▶ Different authorities have **different inspection priorities**, which can affect interinstitutional cooperation;

A key issue underpinning effective enforcement of regulations is **insufficient cross-border collection of administrative penalties and the difficulty in enforcing wage claims**, especially in a cross-border setting. Indirect approaches can also focus on improving procedural fairness and justice for transport workers affected by under-declared work.



5.0 Key learning outcomes and practical suggestions

The TRW revealed that the following **deterrence measures** could be used to successfully tackle under-declared employment: improved detection based on sophisticated risk assessment tools, including green-yellow-red rankings, followed by inspections; tax audits; joint investigations; and active control achieved through on-site inspections. Increased sanctions do not need to be prioritised above other measures but should be included in the overall enforcement mix. Ideally, that mix should be based on escalation of fines and different penalties that target different infringements. Approaches such as black lists, negative media coverage of non-compliant companies, naming and shaming, and exclusion of non-compliant companies from public procurement could also be utilised. The Member States could benefit from better legal definitions related to the wider array of violations indicative of under-declared work. The use of labour courts/labour dispute committees to settle cases is another good practice and increases the effectiveness of deterrence measures.

The **key preventive measures** include: awareness-raising and counselling; educating consumers on using companies on 'compliance lists'; facilitating compliance and modernising formal institutions; using social media, smartphone apps and self-assessment tools; targeted information campaigns and tax incentives; the licensing (certification) of companies (e.g. car washes, cleaning services); check-in at work; the provision of advice on consumer rights and duties; training within trade unions and for students; making the client liable for payment of wages and social security; and consulting first, in order to shift inspection institutions towards a supportive approach.

Participants agreed that, in order to be effective, any mix or set of measures must be prepared in advanced and well-resourced. The effectiveness of deterrence and preventive measures also depends on the level of horizontal and vertical trust, which varies over time. The lessons learned from Member States' experiences point out to several success factors for applying efficient measures for tackling under-declared work (see Figure 9).

Figure 9. Success factors

Making sure people know they will be caught

Electronic reporting of income, contracts and working hours

Inter-connection of the available information systems

Access to public and private data, which allows mapping of full business networks and subcontracting chains

Getting tips/signals from other authorities/citizens/companies

Use of IT tools/increased IT competence

Relying on data mining and matching to detect under-declared employment; using dynamic benchmarking to identify anomalies/outliers

National-level cooperation among authorities and social partners (data exchange, joint agreement on the sites to inspect, joint mobile groups/operation centres)

Making the right choice – to audit/sanction or to provide notification/guidance to at-risk companies/workers

Using penalties that facilitate the transformation of under-declared employment into fully declared employment by reducing the size of the fine by the amount of time that the employer subsequently employs the worker on a full-time declared basis

Cross-border cooperation (among Member States and with ELA)

Providing awareness-raising and guidance in multiple languages

Experimenting with different ways of combining and sequencing policy measures

Source: ICF/CSD, (2022).

The **transport sector** requires a sector-specific approach to address its challenges. Suggestions for further improvements includes:

Introduce tailored risk assessment to detect violations of driving and rest times;

Install smart tachographs into freight vehicles and handheld devices, and use consignment notes, checklists, and questionnaires for drivers;

Under-declared work could be prevented by imposing liability on the clients in supply chains, and providing targeted (multilingual) information for drivers (e.g. general application of collective agreements to foreign drivers);

Establish mechanisms for enforcement authorities and social partners to report together at political level in order to achieve future policy improvement;

Improve cross-border collection of administrative penalties. This could be supported by a repository connecting all national open-source databases;

Inspectors need training on the skills to comprehend and analyse information collected through digital instruments used in transport. Generally, more labour inspectors should be trained in transport-specific inspections;



Establish sustainable and strategic cross-institutional and cross-border cooperation of enforcement bodies, focusing on sectoral specifics and developing sector-specific risk assessment. ELA can play an important role in fostering cross-border cooperation and capacity-building, as well as coordinating joint and concerted inspections;

Launch more awareness-raising campaigns targeting transport operators and drivers, showing the costs of under-declared work and the benefits of declared work. Provide easily accessible, multilingual information for drivers about their entitlements. Social partner involvement could also be beneficial.

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