



Transparent Worker Identification (QR) Code

Lithuania

	<p>Summary</p> <p>On 1 April 2022 Lithuania introduced the Transparent Worker Identification (QR) Code. It is obligatory for anyone performing construction work on a construction site. It allows competent authorities to verify the status of workers and determine if they are working legally or not, including employed, self-employed persons, and posted workers.</p>
<p>Title of the practice in original language</p>	<p><i>Skaidriai dirbančiojo ID</i></p>
<p>Name(s) of authorities/bodies/ organisations involved</p>	<ul style="list-style-type: none"> ▶ State Labour Inspectorate of the Republic of Lithuania (<i>Valsybinė darbo inspekcija, VDI</i>); ▶ State Tax Inspectorate (<i>Valstybinė mokesčių inspekcija, VMI</i>); ▶ Financial Crime Investigation Service (<i>Finansinių nusikaltimų tyrimo tarnyba</i>); ▶ Police (<i>policija</i>); ▶ State Territorial Planning and Construction Inspectorate (<i>Valstybinė teritorijų planavimo ir statybos inspekcija</i>); ▶ The State Social Insurance Fund Board (<i>SoDra</i>); ▶ Ministry of Social Security and Labour of the Republic of Lithuania (<i>Lietuvos Respublikos socialinės apsaugos ir darbo ministerija</i>).
<p>Sectors</p>	<p>Construction</p>
<p>Target groups</p>	<ul style="list-style-type: none"> ▶ Employers/Lithuanian hosting companies (for posted workers), builders/developers involved in undeclared construction work (directly targeted); ▶ Workers including foreign workers, posted workers, self-employed persons, small partnership managers employed under a civil contract involved in undeclared construction work (indirectly targeted).
<p>Purpose of measure</p>	<p>Deterrence: improve detection</p>

	<p>Aims and objectives</p> <p>The aim of the Transparent Worker ID Code measure is to ensure that all persons working or present on any given construction site can be identified by the relevant authorities to determine if they are working legally or not. The measure also ensures that persons with responsibility for persons employed, self-employed, or present on a construction site submit the codes to the institutions in charge of controlling illegal and undeclared work.</p>
<p>Background context</p>	<ul style="list-style-type: none"> ▶ The construction sector is one of the most important economic sectors in Lithuania employing about 95 000 people – this accounts for just over 7% of all people insured by social insurance. Of this 95 000, 25 000 operate under business certificates and about 14 000 work with individual activity certificates (i.e., self-employed persons); ▶ The construction sector is one of the largest shadow economy sectors in Lithuania. More than half of all recorded cases of illegal work occur in the construction sector (including undeclared work or people employed without following the proper procedures for hiring foreigners). While liability applies to the employer, the difficulty faced by controlling authorities was the problem of identifying the companies employing illegal workers. The Transparent Worker ID Code was introduced nationally on 1 April 2022 in response to the problem; ▶ The identification code of a transparently employed person is a unique code that encrypts data on the status of an employee, a self-employed person, or a person posted to Lithuania i.e., with the creation of codes, it is possible to check whether a person is officially employed under an employment contract, is engaged in self-employment, or is a person posted to the Republic of Lithuania.ⁱ
<p>Key objectives of the measure</p>	<p>General Objective:</p> <ul style="list-style-type: none"> ▶ To reduce undeclared work, undeclared incomes and unpaid social security contributions in the construction sector by ensuring that all persons present on a construction site can be identified.
<p>Main activities</p>	<ul style="list-style-type: none"> ▶ Transparent Worker ID Codes can be obtained by employees, self-employed persons, and employers (for themselves, their employees and posted workers), by logging in to their personal account through the SoDra Electronic Resident Service System (EGAS), visiting a SoDra office and verifying their identity, or



submitting a request, for example, via an email signed with a valid e-signature;

- ▶ A person employed on several construction work contracts and/or engaged in a self-employed activity will receive a separate code for each work contract and/or for each self-employed activity performed in the different capacities of self-employed persons (e.g., activities under a business licence and those under an individual activity certificate);
- ▶ A worker posted to Lithuania can obtain information on the ID code assigned to them by submitting a request at a SoDra office;
- ▶ Codes are verified using a QR reader on a smart mobile device (via the camera) or other computer device equipped with a camera;
- ▶ The employer/hosting Lithuanian company must ensure that all employees/posted workers engaged in construction work have an ID code and must submit the codes to the developer/builder (client) or its authorised contractor who are obliged to check who enters the construction site or otherwise face being fined;
- ▶ The developer/builder (client) - or one of its authorised representatives – must ensure that all natural personsⁱⁱ performing construction work on the construction site submit ID codes as a means of identification.ⁱⁱⁱ They must also ensure that all natural persons on a construction site *not* performing construction work be identified by other identification means (the builder (client) or authorised contractor must put in place an identification tool to register their time of arrival and reasons for their arrival^{iv});
- ▶ In the course of inspections carried out, the ID codes or documents must also be provided to the State Labour Inspectorate, the State Tax Inspectorate, the Financial Crime Investigation Service under the Ministry of the Interior of the Republic of Lithuania, the police, and the State Territorial Planning and Construction Inspectorate under the Ministry of Environment;^v
- ▶ Breaches of the identification requirements on the construction site may result in initial fines for builders (developers) or their authorised contractors (legal persons) of between EUR 2 000 – 5 000.^{vi} Managers or other responsible person of the builder (as a legal entity) or a self-employed individual will be included in the list of unreliable taxpayers if fined EUR 1 500



	<p>or more, or if they receive repeated sanctions for infringements of the identification requirements. In addition, the developer (legal entity) will be excluded from participating in public procurement.</p>
<p>Funding/organisational resources</p>	<p>► Funds from the Economic Revitalisation and Resilience Enhancement Facility will be allocated for improvements in the Social Insurance Fund Board’s information system and for the adaptation of the register of taxpayers.</p>

	<p>Outcomes</p> <p>While evaluations have yet to be conducted on the implementation of the Transparent Worker ID Code, early indications are that the impact of the measure has been to reduce the percentage of undeclared workers found in the construction sector.</p>
<p>Achievement of objectives</p>	<p>► Due to the relatively recent implementation of the Transparent Worker ID Code, no detailed analysis regarding the implementation of the measure has been made yet.^{vii}</p> <p>► However, early signs indicate that there has been a reduction in the amount of illegal workers in the construction sector, including foreign workers. Statistics for the first half of 2022 show that^{viii}:</p> <ul style="list-style-type: none"> - During the period January to June 2022 52% of undeclared workers were found in the construction sector (in 2021 – 64%, in 2020 – 68%); - During the period January to June 2022 the amount of undeclared foreign workers significantly decreased. 27% of undeclared foreign workers were found in the construction sector during the period January to June 2022. The figure for 2021 was 64% and for 2020 it was 70%.
<p>Lessons learnt and success factors</p>	<p>► Due to the amendments made in the legislation, the obligation to ensure compliance with legal acts has expanded. Thus, in addition to the employer’s liability, the same is applicable to the developer/builder (client);</p> <p>► Due to the technical implementation, it is easier to carry out controlling activities by the supervisory authorities;</p> <p>► It is planned to improve functionality of the measure by expanding it into other sectors of economic activity.</p>

Transferability	To achieve the goals related to the implementation of the measure, information from the different registers of relevant institutions needs to be synchronised.
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Further information	
Contact	Edgar Lisica, Advisor at Illegal Activities Monitoring Division, State Labour Inspectorate of the Republic of Lithuania. Email: edgar.lisica@vdi.lt Phone: +370 644 11813
Useful sources and resources	Information on the Transparent Worker ID Code - Labour Inspectorate website https://www.vdi.lt/Forms/Tekstas1.aspx?Tekstai_ID=3619 Information on the Transparent Worker ID Code - the Social Insurance Fund Board (SoDra) https://www.sodra.lt/lt/situacijos/informacija-draudejams/id/skaidriai-dirbanciojo-id https://www.sodra.lt/lt/situacijos/skaidriai-dirbanciojo-id
Metadata and key words for online search	Lithuania; ID code; mobile application; QR code; illegal work; construction sector; posted workers; foreign workers; self-employed; identification requirements

ⁱ See SoDra website at <https://www.sodra.lt/lt/situacijos/informacija-draudejams/id/skaidriai-dirbanciojo-id>

ⁱⁱ Natural persons include employees, self-employed persons, responsible persons of the employer, the host company, the builder/developer or the contractor, artificial or legal persons include e.g., the builder/developer or the authorised contractor. See <https://www.roedl.com/insights/lithuania-identification-persons-construction-site>

ⁱⁱⁱ Or, where a code cannot be created for them, documents supporting the data encrypted in the code must be submitted.

^{iv} See SoDra website at <https://www.sodra.lt/lt/naujienos/jau-galima-isbandyti-kaip-veikia-skaidriai-dirbanciojo-id>

^v See www.sodra.lt

^{vi} Information for this paragraph was excerpted from the following: [Identification of persons working on construction sites in Lithuania | Rödl & Partner \(roedl.com\)](#), published 4 May 2022. This source also provides a list of fines for infringing ID requirements.

^{vii} Correct at the time of writing – November 2022.

^{viii} The following information was provided by the State Labour Inspectorate.