E-services: digital solutions to facilitate declared work

Learning resource paper from thematic review workshop

21-22 June 2023, Malta and online

Contents

1.0   Introduction

1.1   Aims and objectives of the thematic review workshop

This learning resource paper builds on discussions at the thematic review workshop (TRW) on e-services: digital solutions to facilitate declared work. This hybrid event was held in Malta on 21-22 June 2023. The workshop brought together 37 participants from 17 countries, representing labour, social security and tax authorities, various ministries, public employment services, and European and national social partners. European Commission and European Labour Authority (ELA) representatives were also present.

The aim of the workshop was to enable Platform members and observers to share and deepen their understanding of how digital public services can be developed by public authorities, including enforcement authorities, to facilitate declared work. The objectives were to provide Platform members and observers (or their relevant nominees) with an opportunity to exchange practices, tools, and approaches, identify aspects that could be transferred to different settings, and to deepen understanding of:

▶ the range and type of e-services available to facilitate declared work by making it easier, more beneficial, and more acceptable, and

▶ the challenges faced by authorities when designing, developing, adopting, launching, implementing, or operating such digital public e-services, and experiences and tips on how these can be overcome.

This learning resource paper reports the outcomes of this workshop and supplements this with additional information from the 2023 European Platform tackling undeclared work (henceforth "the Platform") study on e-services to facilitate declared work,[1] and additional research conducted following the workshop.

This paper is structured as follows. Section 1 briefly outlines the EU policy context within which digital public e-services are being developed followed by an outline of the range of policy approaches and e-services available to authorities for facilitating declared work. Section 2 examines e-services that enable businesses and workers to operate in the declared economy. Section 3 explores e-services that encourage purchasing from the declared economy and section 4 discusses e-services that change social norms through educational and awareness raising and modernising enforcement authorities. The concluding section 5 then reports the key learning outcomes and practical suggestions on potential next steps.

1.2   Background to the theme of the workshop

The use in enforcement and other public authorities of information and communications technologies (ICTs) to facilitate declared work by making it easier, more beneficial, and more acceptable, is part of a wider shift in the public sector towards what is commonly referred to as "e-government". "E-government" in simple terms refers to the adoption of ICTs to improve the activities of public sector organisations (i.e., by using e-services). As the United Nations Department of Economic and Social Affairs (UN DESA) (2016:1) states: 'E-government aims at improving the relationship between people and their government […] making public services delivery more effective, accessible and responsive to people's needs [...] increasing participation in decision making and making public institutions more transparent and accountable.'[2]

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[1] Williams, C.C. and Horodnic, I. (2023) *E-services to facilitate declared work*. European Labour Authority, Bratislava.
[2] United Nations Department of Economic and Social Affairs (UN DESA) (2016). *E -Government Survey 2016: E-Government in support of sustainable development*. New York, UN DESA.

In Europe, this pursuit of e-government received its first clear expression on 17 June 2010 when the European Council adopted the '**Europe 2020 - A strategy for smart, sustainable and inclusive growth'** economic strategy. Europe 2020 set out a vision for Europe's social market economy based on three interlocking and mutually reinforcing priority areas: (i) Smart Growth: developing an economy based on knowledge and innovation; (ii) Sustainable Growth: promoting a low-carbon, resource-efficient and competitive economy; and (iii) Inclusive Growth: fostering a high-employment economy delivering social and territorial cohesion.

Within the **Smart Growth** priority area, the **Digital Agenda for Europe** has been a flagship initiative to lift the EU economy by making the best use of ICTs. The main initiatives have been the **Digital Single Market** and the **eGovernment Action Plan 2016-2020**. The eGovernment Action Plan called for the acceleration of the digital transformation of governments. In February 2020, a **new digital strategy** was adopted.

In 2021, a ten-year **2030 Digital Compass** roadmap was adopted to implement this new digital strategy. This seeks to develop **accessible and human-centric** digital public services and administration and by 2030, **100% online provision of key public services for European citizens and businesses**. To evaluate the progress towards these goals, the **Digital Society and Economy Index (DESI)** is the tool developed by the European Commission. The DESI assesses the public services sector of each Member State, not specific types of enforcement authority (e.g., labour inspectorates, tax authorities). However, and in terms of facilitating declared work by developing processes to make declared work easier, beneficial and/or acceptable, it does evaluate the extent to which there is joined-up comprehensive online provision of public services in each Member State in relation to (i) starting a business or registering as self-employed and (ii) conducting regular business operations.[3]

It is this **2030 Digital Compass** roadmap that provides the policy context for this thematic review workshop.

How can enforcement and other public authorities achieve this 2030 Digital Compass objective of providing accessible and human-centric digital public services and administration and by 2030, 100 % online provision of key public services for European citizens and businesses?

1.3   Types of e-services for facilitating declared work

As Figure 1 displays, the delivery of accessible and human-centric digital public services to facilitate declared work involves developing e-services that either:

▶ enable businesses and workers to operate in the declared economy more easily and beneficially (i.e., by providing supply-side "incentives" to engage in declared work);

▶ encourage purchasing from the declared economy (i.e., by providing demand-side "incentives" to engage in declared work);

▶ educate and raise awareness to make declared work more acceptable, and/or

▶ modernise enforcement authorities by developing "customer friendly" public authorities and enhance vertical trust, procedural and redistributive justice and fairness.

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[3] Its findings are reported in Williams, C. C., & Horodnic, I. (2023). *E-services to facilitate declared work.* European Labour Authority.

Figure 1. Policy approaches and measures for transforming undeclared work into declared work

		Improved detection	Data matchingand sharing, joined-up strategy and operations
	Deterrents ('sticks')		
		Increased penalties	Increasing sanctions, advertising penalties
Direct controls			
		Supply-side	E-registration of business and employment, e-portals to simply tax and social contributions
	Incentives ('carrots')		
Tackling undeclared work		Demand-side	Incentivising e-payments and deterring cash payments, social labelling e-services
		Change informal institutions (values, norms and beliefs)	Educational and awareness raising e-services
Indirect controls	Reduce asymmetry between formal and informal institutions		
		Change formal institutions	Modernisation through developing procedural fairness and justice, distributive fairness

Source: derived from Williams (2017, Figure 1)

Each of these policy approaches towards making declared work easier, more beneficial and more acceptable were taken in turn during the workshop to consider the e-services available, the challenges involved in implementing such e-services and how they can be overcome.

2.0 E-services that enable businesses and workers to operate in the declared economy

Key findings
▶ A wide range of e-services can be used to enable businesses and workers to operate in the declared economy more easily and beneficially.
▶ These include using e-registration of businesses and e-registration of employment to make declared work easier; developing e-portals to simplify and make easier tax and social contribution payments (e.g., pre-filled and/or automatic tax and social contribution returns; online tax and social contribution calculators, online tax behaviour rating tools); online help with keeping records, and online compliance lists.
▶ Common challenges faced by Member States are on the one hand, the lack of sufficient resources (with the difficulty of having a dedicated team of in-house developers working and maintaining the whole e-system), the culture of inspectorates and inspectors that prioritise deterring rather than preventing undeclared work, the lack of collaboration between the different public institutions and relevant stakeholders, the lack of interoperability of databases, language (especially for mobile workers) and legislation barriers (new rules need to be created to ensure legal basis for data sharing among authorities) and digital literacy. On the other hand, and once designed and implemented, a further challenge is to encourage the use of e-portals and e-registration.
▶ On the first set of challenges, the key tip is to start with the 'culture' of enforcement authorities using a combination of a top-down approach to allocate greater resources to developing accessible and human-centric digital public services and a concurrent bottom-up approach to elicit 'culture change' within enforcement authorities, not least by displaying the practical benefits of pursuing such an approach. Resolving this will then make easier the resolution of the other challenges above.
▶ On the second set of challenges around encouraging usage of e-portals and e-registration, the key tips offered are to explain to customers why they should use them (e.g., reducing the burden on them and providing quicker access to information) and how to use them in understandable language, educate customers on how to use e-services, and to offer incentives to use e-portals rather than non-electronic means. A further common way of encouraging e-registration, and making it easier and more beneficial for suppliers, could be to use thresholds and simplified e-procedures, but also to provide alternatives to e-provision based on the recognition that some groups may not be able to access and use e-services.

A key finding in studies of undeclared work has been that the high costs of operating in the declared economy and insufficient benefits in terms of improved business performance (i.e., higher subsequent annual sales, employment, and productivity growth rates) result in some businesses operating in the undeclared economy (for a review, see Williams, 2023). Consequently, a way forward has been to make it **easy** and **beneficial** to operate in the declared economy.

The aim of the first session and parallel workshops was to:

▶ Highlight interesting examples of e-initiatives in Member States and enforcement authorities to make declared work easier and beneficial for suppliers.

▶ Identify the challenges and obstacles in introducing e-services to make declared work easier and more beneficial for suppliers, and

▶ Provide any tips from the experiences of participants on how these challenges and obstacles can be overcome.

To do so, three questions were asked:

▶ Are there interesting examples of e-initiatives in your Member State and enforcement authority to make declared work easier and beneficial for suppliers (i.e., supply-side incentives)?

▶ What are the challenges and obstacles in introducing e-services to make declared work easier and more beneficial for suppliers?

▶ Do you have tips from your own experiences on how these challenges and obstacles can be overcome?

Below, the outcomes are reported.

E-services identified that improve the ease of, and benefits for, businesses and workers operating in the declared economy (i.e., supply-side incentives) include:

▶ Developing e-portals to:

  ▷ make declared work easier using e-registration of businesses.

  ▷ make declared work easier using e-registration of employment.

  ▷ simplify and make easier tax and social contribution payments, including:

    ■ pre-filling and/or automating tax and social security contribution returns;

    ■ online tax and social security contribution calculators, and

    ■ online tax behaviour rating tools.

▶ Developing online help with keeping records (including digital labour cards), and

▶ Developing online compliance lists.

Each is here considered in turn along with the challenges in developing them and tips on how these challenges can be overcome.

2.1 E-portals for starting a business, registering employment and tax and social security matters

An e-portal brings together information from multiple sources in a user-centric personalised space accessible via a single digital gateway that displays content specific to the individual user (OECD, 2022). E-portals therefore join-up government services to simplify the number of separate procedures required.

In recent years, many European countries have developed a single port of entry for citizens and businesses to all government services. For example, in Denmark, there is a single port of entry for citizens to government services, whilst for business, the single port of entry is virk.dk. In Greece, there is Gov.gr, in Luxembourg the Guichet.lu portal aimed at both individuals and businesses, in Malta the portal of the Servizz.gov agency is the government's one-stop-shop for people and enterprises, in Poland, there is the Biznes.gov.pl portal, and in Slovenia the eUprava portal for citizens and SPOT for businesses.

Box 1 provides an example presented - from the host country of the thematic workshop, namely Malta, of the portal of the Servizz.gov agency, the government's one-stop-shop for people and enterprises, whilst Box 2 provides a description presented at the workshop of the single digital portal for businesses within this Servizz.gov single port of entry.

Box 1. The Servizz.gov single port of entry for people and enterprises, Malta

Servizz.gov is the single port of entry for people and businesses to government services in Malta, acting as the **bridge** between Malta's public services and the public. The aim of the agency responsible for Servizz.gov is to make government **services more accessible** to the public. The Agency seeks to be increasingly **close to the customer** using different **channels** including its website, freephone, chatbot, live chat, and its 24 hubs across the Island. Indeed, it was stressed that "user research" is conducted to optimize the customer-friendliness and user-centric nature of the online services provided.

Important aspects of Servizz.gov

▶ Individuals using services provided by the public sector are **diverse**. Therefore, servizz.gov recognises that a **one-size-fits-all approach is neither effective nor desired**. Indeed, it was stated that services were presented to the public based on their status and their previous history (and that an analogy with Netflix can be drawn here where the viewing public is presented with services tailored for them).

▶ It is crucial that services provided by the public sector are **tailored around customer needs**. This approach leads positively to an improved user experience and, as a result, **larger customer take-up** of services offered by the public sector.

▶ Increased customer turnout ensures **increased coherence with national and European legislation**.

▶ In this regard, servizz.gov is committed to **enhancing the customer journey**, reducing customer pain points to the maximum possible, and continuously increasing customer service satisfaction.

Interactions in numbers 2022:

▶ Chatbot and Live Chat – 68 571

▶ Emails – 69 852

▶ Freephone – 755 873

▶ Visits to Regional and Specialized hubs – 292 958

▶ Facebook reach (posts) – 420 298

▶ Maltapps (downloads) – 33 997

▶ Website Hits – 2 489 986

Over time, there has been a decreasing number of calls but the increase in use of online applications. Importantly, employees have access to data submitted by employers and can also track what employers report (e.g., on social security contributions paid by employers).

Box 2. Business portal, Malta

The Business portal is Malta's point of single contact and main channel for government-to-business services, established under the services directive. It is part of Servizz.gov, and continuously updated with the latest information, which is a result of an on-going collaboration between public authorities to ensure that information and links are all updated.

Background

The automating of systems led to considerable improvement in e-Government systems. Before this portal, IT systems were designed to each department's specifications and requirements, and there was no sharing of data across government due to: no unique identifier; no holistic Business Register which incorporated all economic operators; and legal restrictions prohibiting the sharing of data. The result was that businesses were being asked repeatedly to supply the same data and information to different public authorities, and public bodies were storing different data on the same economic operator, especially when it came to the self-employed. The solution was to adopt a more customer-centric approach and develop a high-level interactive and intelligent business portal, to enable all government front-end services to businesses to be integrated into one platform.

First pilot project on an integrated approach for starting up as self-employed

▶ Integration of services from several government entities, which included the front-end and back-end systems, has led to the introduction of a holistic form for the setting up of a business for the self-employed.

▶ This amalgamated form has been very well received by the business community and service providers to the extent that the government executes both e-forms as mandatory to obtain the necessary registrations from CFR- VAT, IRD, Jobsplus and the health authorities.

▶ Consequently, various consultation meetings with these multipliers and business service suppliers have clearly indicated that an interactive intelligent business portal would be useful and should be well received by the business community.

Two integrated projects to develop a business portal

1. The implementation of a holistic business register that will contain a profile on every business operating out of Malta whatever the legal form:

   ▶ Information in the Register to be populated by the relevant entities and the business;

   ▶ Information included in the Business Register cannot be requested by Government entities; and

   ▶ In case of changes (e.g. change of activity/address) business will inform just the Register.

2. The implementation of a business portal for the efficient delivery of services:

   ▶ The main aim is reduction of administrative burden on businesses of all sizes.

What is the business portal?

▶ Any entrepreneur starting or running a business would be able to interact seamlessly through a single interactive portal.

▶ Government services/regulatory requirements will be delivered in an integrated manner.

▶ Facilitate the access to information, navigation, and use of content.

- ▶ It will use artificial intelligence to:

    - ○ Guide businesses around the myriad of government services;

    - ○ Enhance business compliance with the rules and regulations and the paying of taxes;

    - ○ Remind businesses when payments/licenses/permits are up for renewal; and

    - ○ Target relevant businesses and notify them on new rules and regulations, incentives, and other information relevant to their line of work.

Delivery of government services to businesses

- ▶ Main principles:

    - ○ One government/ once-only principle

    - ○ Sharing of data

- ▶ Taking advantage of the latest technology for the effective and efficient provision of services.

- ▶ Government to business services based on "life events".

- ▶ Reduce processing time.

- ▶ Allows for collaboration, across and between departments, through institutional arrangements – delivery of services will be holistic, synergistic, and coordinated.

Project Objectives

The business portal:

- ▶ Not simply a set of forms put online!

- ▶ Thrives to achieve excellence in providing a seamless interface to businesses backed up with effective business processes.

- ▶ Adopts a more customer-centric approach to improve the service delivery and therefore focuses on higher quality and efficiency.

- ▶ Has a wide stakeholder reach - Involves 38+ different government entities.

Legal Basis

Business Register and Information Sharing Regulations subsidiary legislation 546.02, provides for:

- ▶ A business register which records all businesses established in Malta and the assignment of an Economic Operating Number (EON) for every business whose details are generated by the Malta business register (MBR); and

- ▶ A business portal which will facilitate sharing of business information between public sector bodies and between public sector bodies and businesses.

Project Structure

Phase 1

▶ Design, development and implementation of a business portal/register.

▶ Process reengineering of services to be streamlined into life events.

▶ Integration with the business register through APIs with associated third-party systems.

Phase 2

▶ Further reengineering of government services to businesses (G2B) including licences and incentives.

Phase 3

▶ Further reengineering and implementation of G2B services that were not identified in the initial scoping study.

▶ Maintenance and support from Year 2 till Year 5.

Main Re-engineering Principles

▶ Implementing the once-only principle for businesses.

▶ Workflow-based services – integrated service delivery based on business life events.

▶ Smart user recommendations.

▶ Information repository/sharing

Some positive outcomes for the public sector

▶ Data **consistency;**

▶ Driving **continuous improvement** across government entities;

▶ Developing a data analytics tool for analysing and benchmarking performance;

▶ Building a framework for **best practices** for government entities;

▶ Increasing **operational efficiency;**

▶ **Integration** with other government IT systems; and

▶ Leveraging on the enormous amount of **data** held by different entities.

Challenges

▶ Innovative project – the first time that entities are working together in such a manner;

▶ Commitment to the project from other Ministries and entities;

▶ Different IT development across government from legacy systems to state of the art technology;

▶ Investment required by other entities (APIs have to be developed by the entities);

▶ Legal implications for the sharing of data;

▶ Resources to upkeep the portal; and

▶ Digital divide (businesses).

▶ Outsourcing the software development to external organizations.

▶ Ther remains the lack of a unique identifier for all economic operators that the existing system has not yet addressed.

Stakeholders

▶ Government of Malta

▶ Malta Information Technology Agency (MITA)

▶ 38 Government Entities

▶ Business Community

▶ Multipliers (Service Providers)

▶ Contractors

▶ Servizz.gov (implementing the Services Portal)

▶ Electoral Commission (implementing the Address Register)

Within such single ports of entry, three types of e-portal are crucial in relation to facilitating declared work. These are:

(i)   E-portals to start a business,

(ii)   E-portals to register employment, and

(iii)   E-portals to simplify and make easier tax and social security contribution matters.

Each is addressed here in turn.

2.1.1   E-portals for starting a business

Examples of e-portals for starting a business include in Austria, the *eGründung* e-service to help people start a business online within the Austrian government's Business Service Portal (*Unternehmensserviceportal*), and the START platform in Croatia which uses a single electronic procedure at a single digital location.

As Box 3 describes, in Spain, and as the workshop heard in a presentation, the one-stop shop for business registration is the Information Centre and Business Creation Network (*Centro de Información y la Red de Creación de Empresas,* CIRCE) which uses a single electronic document (DUE) that then sends the information submitted to the appropriate authorities (e.g., tax authority, social security, commercial register, notary's office).

Box 3. Information Centre and Business Creation Network (*Centro de Información y la Red de Creación de Empresas,* CIRCE), Spain

CIRCE is an online platform designed to assist entrepreneurs in Spain with the process of starting a new business. Through it, the entrepreneur completes the Single Electronic Document, and the CIRCE platform carries out the necessary procedures to incorporate the company, communicating with all the organisations involved (tax agency, social security, mercantile register, notary office, etc.).

CIRCE background context

ICTs overcome the barriers in citizens' relations with the public administration, both with the distance they must travel, and the time spent in public offices. To this end, Law 11/2007 created citizens' access to public services through electronic sites under these principles:

▶ Reserved specific *"gob.es"* domains, reliable public electronic office certificates and secure connection to safeguard confidentiality in data exchanges.

▶ Secure citizens access by electronic certificate issued by a public entity attached to the Ministry of Finance.

▶ Ministry of Industry Order ITC/164/2010, currently Order IET/842/2012, regulates its electronic site, and articles 5.1.b.3 and 5.1.3, foresee the access channel to CIRCE.

CIRCE Capabilities

I - DUE (Single Electronic Document)

▶ CIRCE is a public system that enables the online establishment, registration, and cessation of commercial companies: individual entrepreneurs, limited liability companies, communities of assets and civil societies.

▶ CIRCE's main tool is the DUE (Single Electronic Document), which includes multiple forms. The entrepreneur shall complete either:

▷ On his own, at the *"virtual PAE"* CIRCE site link.

▷ Visiting an Entrepreneur Attention Point (PAE) where information, advice and CIRCE documents processing will be provided.

II - STT (Telematic Processing System)

Once the DUE is filled, the CIRCE STT (Telematic Processing System) will automatically communicate the data to all relevant public agencies involved:
▶ Commercial register: to register both name and company.
▶ Notary's office: to define articles of association.
▶ Tax authority: to create company identification and tax numbers.
▶ Social security: to create contribution account code in case of existing employees.
▶ Spanish data protection agency.
▶ Spanish office of patents and trademarks.

III - PAE (Entrepreneur Attention Point)

Entrepreneur Attention Points can be private or public entities, such as legal advisers, professional associations, business organizations or chambers of commerce, which sign an agreement with the Ministry of Industry and Commerce and have a dual mission:

▶ Providing information and advice in defining the business initiatives, training and support for financing.

▶ Documents processing to online creation of companies through CIRCE DUE and STT tools.

The CIRCE site provides a search engine to locate the most suitable PAE, filtering by geographical proximity or experience in processing.

CIRCE Quantitative Data

Created small and medium sized businesses				
Period	INE, National Statistics Institute	CIRCE statistics	Ratio	Evolution
2019	93 943	49 726	53 %	
2020	278 525	47 404	17 %	-5 %
2021	101 134	48 766	48 %	+3 %
2022		50 676		+4 %
Jan-May 2023		24 851		+13 %
CIRCE statistics – 21 896 created companies Jan-May 2022				
CIRCE statistics – creation times				
Type of company	Individual entrepreneur	Limited companies	Individual entrepreneur	Limited companies
1 day	49 %	17 %	88 %, +80 %	77 %, +35 %
2-5 days	37 %	55 %	4 %, -89 %	14 %, -75 %
6 – 10 days	8 %	13 %	2 %, -75 %	4 %, -69 %
11+ days	6 %	15 %	6 %, =	5 %, -67 %
CIRCE statistics – public and private PAE				
Period	Jan-Dec 2022		May 2023	
Type of PAE	Public PAE	Private PAE	Public PAE	Private PAE
Existing	629	3 995	637, +1.27 %	4 201, +5.16 %
Accomplished procedures*	23 386	38 968	2 459	3 902
*Both periods public PAE represent 13% of total and accomplished 38% of procedures				
Virtual PAE accomplished 2.99% of total procedures Jan-Dec 2022, and 3.29% May 2023, +10.03%				

CIRCE system facilitates declared work by making it easier, both shortening terms and lowering costs of company creation, as shown below.

Procedures	Traditional limited company formation		CIRCE limited company formation	
	Term	Cost	Term	Cost
Negative certification of company name	3 days	EUR 16	6 working hours	EUR 16
Notary	1 day appointment booking + 2 days issuing articles of association	EUR 180	12 working hours	EUR 60 in case of using standard articles of association

Tax on economic activities	1 day	EUR 0		EUR 0
Commercial register	15 working days	EUR 100	6 working hours	EUR 40
Total	22 working days	EUR 296	24 to 48 hours	EUR 116
Legal advice cost, not existing when using Virtual or public PAE, reaches EUR 500 in the traditional and EUR 300 in the CIRCE system				

CIRCE Challenges

Challenges experienced in the development of CIRCE were mainly related to:

▶ Technical coordination of the information technology systems and databases of the several public entities involved.

▶ Initially, only public PAE could be authorized, and public procedures and citizen guarantees slowed PAE creation and, accordingly, online creation of companies.

These challenges were overcome by:

▶ Implementing the STT, which allows interaction between different information technology systems.

▶ Implementing a common and secure means of identification and access, the digital certificate.

▶ Authorizing private PAE agreements, which incremented entrepreneurs' costs but increased and fastened companies' online creation.

CIRCE main takeaways and lessons learned

CIRCE system basis is transferable to other countries, taking into account the following key elements to set up similar initiatives:

▶ Technical coordination of several public information technology systems.

▶ Reliable system that protects exchanged data.

▶ Publicity needs to be focused at the appropriate levels of citizens' knowledge to be useful to them.

▶ Common and secure means of identification and access.

▶ Combine virtual, public and private PAE, which enhance different advice, terms and costs grades in order to online companies' creation:

PAE nature	Advice	Terms	Costs
Virtual PAE	No	Faster than public PAE, but mistakes risks arise due to less experience on CIRCE processing	The lowest
Public PAE	Yes	Slower than virtual a private PAE processing, due to citizens guarantees in their relationship with public administration	The lowest, advice included
Private PAE	Yes	The fastest, in case of experienced processors	The highest, advice included

Therefore, such single digital portals allow a business or self-employed people to register entirely online, pay any fees required and upload all necessary documentation, eliminating the need for a physical visit to any authorities.

Nevertheless, there are challenges when delivering comprehensive digital services in relation to starting a business. A first challenge has been to decide whether to make online registration mandatory or not. This is because internet penetration is still not universal and **digital literacy** levels not always sufficiently high among everybody seeking to register a business or as self-employed. Therefore, the option of offline registration as well as online registration has sometimes been offered. A tip that can be learned from how this was implemented in Greece for example, is that registering online can be made the cheaper option (in terms of the fees charged relative to offline registration) to incentivise the e-registration process.

A further tip to ensure the success of e-registration is to implement it as part of a wider package of initiatives to simplify the business registration process. This more comprehensive policy package needs to recognise that full business registration (e.g., direct tax registration, VAT registration, business name registration, location permit, environmental permit, building permit, sole proprietorship registration, company registration, small and medium enterprise (SME) categorisation, logo registration, seal registration, sector-specific licence registration) is often a journey for businesses and the self-employed, rather than a one-off event. Imposing the full package on businesses and the self-employed at the start of their operations would in many cases make the costs of full registration outweigh the benefits. Indeed, in national policy, this has been commonly recognised. Certain registration requirements are only made applicable when specific firm size **thresholds** (e.g., on turnover, employment) are reached, thus simplifying the registration process, and reducing the costs of registration, for smaller businesses and many self-employed.

The implementation of single digital portals to allow businesses and the self-employed to register online provides an opportunity for these **threshold policies** on registration requirements to be revisited. Often these have developed incrementally over many decades and the development of single digital portals provides the opportunity for a more joined-up whole government evaluation of whether they are "fit for purpose". Such an evaluation of the entirety of thresholds needs to explicitly recognise that the goal of using thresholds for different registrations is to enable businesses to see the benefits of registration without excessive accompanying costs being imposed all at once but rather, at different stages in the business development process.

The development of single digital portals for the registration of businesses and self-employment is also an opportunity to seek to improve the benefits of registration by revisiting the package of **incentives** for registration. For example, there could be a revisiting and evaluation of the eligibility requirements for different types of targeted aid and support (e.g., access to public procurement contracts, bank credit, access to training and business support) that make registration beneficial. These incentives again have often developed incrementally over many decades. The development of single digital portals therefore provides a useful catalyst for a comprehensive review of the package of incentive policies in place to support business development and growth. A joined-up whole government evaluation could be undertaken of whether businesses are appropriately incentivised to grow and progress on the journey towards full registration. Bottlenecks could be identified, and new incentives introduced to resolve such obstacles, to development and growth among businesses and the self-employed. A common example might be an evaluation of the current VAT-threshold for the self-employed and businesses, how many self-employed and businesses operate just below this threshold in terms of declared income, and whether a more graduated approach could be implemented.

A final challenge for all e-portals registering businesses and the self-employed is that they need to be carefully designed firstly, to recognise that not all licences and registrations might be required at the outset of operations to validate the registration of a business. These portals often ask for the same information multiple times, leading to users being assigned different identification numbers by various authorities. This unnecessarily complicates the procedure and adds to the overall burden. The particulars will depend on the national policy context. If these single

digital portals are poorly designed (e.g., imposing VAT registration where it is not required), then such e-portals may lead to greater levels of non-registration rather than result in registration being made easier. Secondly, to incentivise businesses and the self-employed to register, a tip is that information on the incentives accompanying various types of registration need to be embedded where required "just a click away" on the e-portal (e.g., hyperlinks on the business support and advice available, access to employee training, access to bank credit, opportunities to be represented at trade fairs, access to public procurement contracts). This will enable the benefits of registration to be clearly seen by businesses and the self-employed as they pursue for each type of registration and encourages their journey to full registration. Another suggestion is to enhance cooperation among different public institutions in order to improve interoperability.

2.1.2 E-portals to register employment

Besides e-portals for registering businesses and the self-employed, another e-service to make it easier for businesses and workers to operate in the declared economy is the development of e-portals to register employment. Such e-registers have the objective of simplifying the process of employment registration and reducing the costs to businesses.

Box 4 provides an example presented at the workshop from the host country of the thematic workshop of this type of single digital portal to register employment.

Box 4. JobsPlus eservice: a single digital channel to register and terminate employment, Malta

Under the Employment and Training Services Act, 2018, any employer, who employs another person whole-time, part-time or otherwise under a definite or indefinite contract or on probation, shall notify Jobsplus of such employment by any means which may be established by Jobsplus. When a contract of employment is terminated the employer shall, within four days from the date of termination, notify Jobsplus of the date of termination. Jobsplus shall then issue an acknowledgement as soon as possible (Chapter 594, Act XXXIX of 2018).

Jobsplus' vision is to enhance online services. Submitting employment forms through the Jobsplus portal brings several benefits:

▶ Submitting employment forms more **efficiently.**

▶ **Trace** submitted forms.

▶ **View / download** employees' list.

As the table below displays, the proportion of employment registrations submitted online has gradually increased over the years.

Year	Engagement forms inputted	Online forms	% online
2023	47 950	40 300	84.05
2022	136 192	112 213	82.39
2021	119 949	88 810	74.04
2020	110 753	75 328	68.01
2019	122 758	70 287	57.26
2018	126 206	67 247	53.28
2017	108 636	55 534	51.12

| 2016 | 103 215 | 48 287 | 46.78 |

So too have the proportion of employment termination forms submitted online gradually increased over time, as the table below displays.

Year	Engagement Forms	Online Forms	% online
2023	42 042	32 530	77.38
2022	125 694	94 334	75.05
2021	107 221	77 133	71.94
2020	111 467	76 136	68.30
2019	110 435	67 315	60.95
2018	111 500	65 657	58.89
2017	104 632	66 681	63.73
2016	95 739	51 168	53.45

Following this presentation, and inspired by this initiative, an exchange took place between workshop participants on the reliability of documents submitted online for posted workers.

Another example presented at the workshop is the ERGANI register of employment in Greece, which is part of the single digital portal, Gov.gr (see Box 5).

Box 5. ERGANI e-register of employment, Greece

The Greek government wanted to unify all public services using a single platform to provide citizens with a seamless, fully integrated, and digitised experience for all their needs and requests. Gov.gr is the public administration's single digital portal, through which citizens and businesses have access to all digital public services in a quick and easy manner. It is accessible in Greek and English.

Gov.gr is thus the single point of reference for all public sector processes established under Article 52 of Law 4635/2019. The aim is to transform the life events of the citizen (or business) into specific services provided by the information systems of the government. The goal is for the citizen to be able to find any service with a maximum of three clicks. The portal has three basic functions:

- ▶ The citizen's secure entry into government services.

- ▶ The provision of a single point of access and identification (Single sign on) for all services provided by the government's information systems.

- ▶ The routing of notifications, responses and results to requests submitted by the citizen through the notification centre.

Services are grouped by "life events" (birth, insurance, business start-up, employment registration, etc.). There is also a search function, so that users can locate services. In addition, users who are more experienced with the public administration, can browse within a secondary service classification. Examples are:

- ▶ Business activity - services to start and grow your business.

- ▶ Employment and insurance - tools and services for your job search, insurance and retirement.

Two years after its launch:

- It has 265 762 156 of page views.

- 7 936 034 different citizens have used gov.gr by issuing at least one document or submitting an electronic declaration.

- 159 346 146 documents or declarations have been issued/submitted electronically.

Among the unified services included in Gov.gr, there is the ERGANI information system related to facets of employment, which is part of the digital public service supported by the Ministry of Labor and Social Affairs (MLA), the Labor Employment Agency (OAED), and the Labor Inspection Body (SEPE). .

Relevant **service groups** addressed include:

- Find information about statements (for employees - myergani)

- Get a farmer's card

- Register the details of beneficial owners (for legal persons and entities)

- Transfer basic payment rights for 2019(for farmers)

- Use the electronic accounting books system (for businesses)

- Use the Ergani CardScanner app - digital job card for employers

- Use the myErgani app - digital job card for employees

- Use your company's passkey (e-YMS)

On ERGANI, it is possible to digitally:

- Amend salary tables (Ergani-E4)

- Disclose a contract termination (Ergani-E7)

- Disclose a voluntary resignation (Ergani-E5)

- Disclose apprenticeship contracts (Ergani-E3.4)

- Disclose internship schemes - Voucher (Ergani-E3.3)

- Disclose overtime or legal overtime employment (Ergani-E8)

- Disclose public service employment (Ergani-E3.1)

- Disclose the recruitment of an employee (Ergani-E3)

- Disclose theoretical training - Voucher (Ergani-E3.2)

- Submit forms for annual leaves (Ergani-E11)

- Submit forms for operational contracts (Ergani-E10)

- Submit forms for part-time / short time work contracts (Ergani-E9)

- Submit supplementary working hours tables (Ergani-E4)

- Submit the annual staff list (Ergani-E4)

- Terminate an indefinite term employment contract (Ergani-E6)

Hellenic Labor Inspectorate's Services through the Gov.gr portal include:

- ▶ Application for a staff work permit on a Sunday or public holiday

- ▶ Appeal of objection (Labor Inspection)

- ▶ Notice of Labor Accident

- ▶ Announcement of Occupational Doctor

- ▶ Announcement of Security Technician

- ▶ Announcement of overtime (Ergani-E8)

- ▶ Anonymous complaint to the Labor Inspectorate

- ▶ Acceptance of a fine and waiver of the exercise of remedies

- ▶ Notice of commencement of construction works

- ▶ Disclosure of good reason in case of dismissal of a pregnant woman

- ▶ Declaration of compliance for an 80% reduction on the fine

- ▶ Registration in the electronic services of the Labor Inspectorate

- ▶ Explanations after inspection by the Labor Inspectorate

- ▶ Named Complaint to the Labor Inspectorate

- ▶ Question to the Labor Inspectorate

- ▶ Hierarchical Appeal (Labor Inspection)

- ▶ Additional information after inspection by the Labor Inspectorate

myergani.gov.gr**,** meanwhile, is a digital labour card (see section 2.2 below):

- ▶ It is the first step for the implementation of the digital job card.

- ▶ The employee has direct, quick and easy access – with their tax authority codes to the information provided by their employer.

- ▶ An important control tool in the hands of the employee, against undeclared work.

- ▶ From February 2022, it is also available in a mobile app.

Yet another example, described in Box 6 and presented at the workshop, is the Reges information system based on the Revisal e-register of employment in Romania (European Platform Tackling Undeclared Work, 2019g).

Box 6. Reges information system, Romania

The General Register of Employees (ReGES) is a tool to make it easier for employers to declare their workers by enabling full online registration, resulting in reduced bureaucracy, digitalisation of this function, simplified and unconditional access and an efficient use of resources.

See: www.inspectiamuncii.ro for information on the register.

The relevant legislative framework

- ▶ The Labor Code – Law No. 53/2003, republished.
- ▶ Government Decision No. 905/2017 on the General Register of Employees.

▶ Order of the Minister of Family Labour and Social Protection No. 1918/2011.

The content of ReGES system:

▶ **Data on employers:**
▷ Name: Sole registration code, Tax registration code
▷ Legal and organisation form, field of activity – NACE
▶ **Employees data:**
▷ Surname, name, personal identification number
▷ Nationality and citizenship, etc.
▶ **Data of individual employment contracts**
▷ Contract start and end dates
▷ Time frame and working schedule, position – National occupational classification (NOC)
▷ Working time and its hourly distribution
▷ Contract status – active, terminated, detached, suspended
▷ Gross monthly basic salary and bonuses as provided for in the individual employment contract etc.

Architecture

The register is set up by the employer using the Revisal application or other applications for employee management.

The completed register shall be transmitted to the Territorial Labour Inspectorate by the means and within the time limits according to the legislative framework.

▶ **Revisal Application**

▷ The application and technical specifications are being updated to comply with the legal provisions by making several versions of the original application now reaching version 6.0.9

▷ Introduction of new elements (suspension, posting, working time, salary, surplus wages expressed both as percentage and value, etc.)

■ Inclusion of ISCO 08 compliant NOC
■ Fix issues reported in previous versions
■ Dedicated functions for saving, restoring and exporting data from the Registry
■ Reports available for printing or exporting to widely spread file formats
■ Verification and validation of the Register generated from the employers' own applications
▷ The Revisal application makes it easier for employers to declare their workers and reduce administrative burden.

▶ **ReGES – Control tool**

The main role of the ReGES system is perceived to be as a tool available to the labour inspectors within the Territorial Labour Inspectorate and the Labour Inspection to tackle undeclared work.

The most used reports in the control activity are:

▷ Employer Activity Report

▷ Employee Activity Report

▶ **Criteria**:

▷ No later than one day before the beginning of the activity, the data for the persons who are to carry out the activity based on an individual employment contract (standardized form) concluded according to the provisions of Law No. 53/2003 - Labour Code, republished, with subsequent amendments and completions.

▷ The responsibility for the data fairness transmitted to the Register lies exclusively with the employer.

▶ **The reform of records and monitoring of labour relations**

▷ Advantage: Improved update time on system changes as all users will always benefit from the latest version of the application in a unitary and much faster way. Users will be able to access the ReGES system from any location via web or mobile mechanisms without the need to install an application (Revisal). At the same time, labour inspectors and authorities will have immediate access to the uploaded data by employers.

▷ Improved IT security due to the sensitivity of the data managed by the register.

▷ For employers, the authentication process will be completed by using the current name and password and also by the qualified digital certificates.

▷ For Labour Inspection and Territorial Labour Inspectorate users, authentication using qualified digital certificates will be introduced so that all users can access the system securely accordingly.

▶ **Interoperability**

▷ By integrating with other public authorities and institutions, the full picture will be obtained regarding the people who obtain salaries based on an individual labor contract, but also the qualitative improvement of the salary policies in Romania.

▷ The possibility to ease electronic verification of the records in the databases of partner institutions.

The Labour Inspection is the beneficiary of the financing contract concluded with the Ministry of Labour and Social Solidarity to implement the specific reform components within the National Recovery and Resilience Plan, financing contract No. 3993/22.07.2022.

Another example from **Luxembourg** is the simplified administrative procedure for private individuals hiring someone to help in their home with caring functions. When private individuals want to hire someone to help them in their home, to look after a child or care for a dependent person, a simplified administrative procedure has been developed for staff management requirements (registration with social security, social security contributions, taxation etc.). Persons employing domestic staff only need to be in contact with one administrative body, namely the Joint Social Security Centre (CCSS) which is responsible for collecting the flat-rate tax and the social security contributions. Under the simplified procedure, the employer submits an online 'Employee declaration form for a private household / host family' via MyGuichet.lu (available under "forms/online services") no later than eight days after the hiring of the person in the household. Based on the data in the declaration, the CCSS will register the persons employed in the household and complete the rest of the procedure such as calculation of the gross salary, the social contributions to be paid by the employer and collect these contributions and the withholding tax on a monthly basis. A calculator is provided for employers to calculate the costs, including the calculation of withholding tax and payment of tax to the Luxembourg Inland Revenue.

A further category of workers sometimes excluded from the need to register their activities on e-registers of employment have been **service providers in the platform economy**.[4]

2.1.3 E-portals to simplify and make easier tax and social security contribution matters

To make it easier to operate in the declared economy, besides developing e-portals to simplify the registration of businesses and employment, Member States have also developed e-portals to simplify and make easier tax and social security contribution matters. These e-portals:

- ► Automate electronically:

  - ▷ E-registration for taxes and social security contributions.

  - ▷ E-filing of tax and social security contribution returns, including pre-filling such returns, and

  - ▷ E-payment of tax and social security contributions owed, the provision of e-notifications and the provision of e-guidance on tax and social security contributions.

- ► Provide online tax and social security contribution calculators, and/or

- ► Provide online tax behaviour rating tools.

Box 7 provides an example from France presented at the workshop.

Box 7. mesdroitssociaux.gouv.fr (my social rights), France

On the basis of the interoperability of different databases (not only social security databases), this e-service created by the social security authority allows for each affiliate to have a view on the different aspects of their social security coverage. This e-service allows employees to check the income which has been declared by the employer, to check if it is correct (and not underestimated for instance) and to ask for necessary modifications online. As such, MySocialRights can help secure proper social contributions.

What is mesdroitssociaux.gouv.fr?

- ► A user-friendly internet site accessible on any device: PC, tablet, smartphone.

- ► An internet site that gives

  - ▷ Better accessibility and better understanding of current social rights

  - ▷ An easier way to manage and update rights

  - ▷ An opportunity to manage rights on one's own, or with someone trusted. An internet site where you can make a simulation of potential social benefits.

Focus on DSN & PASRAU data on the portal

For income that cannot be included in the Nominative Social Declaration (DSN), the PASRAU scheme (Withholding Tax for Other Income) allows companies liable for the withholding tax but that do not pay social

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[4] See Williams, C. C., & Horodnic, I. (2023). *E-services to facilitate declared work*. European Labour Authority.

security contributions in France to transmit data required to set up the withholding tax for their employees who are employed in France. The portal examines:

- ▶ Who paid?

- ▶ Which periods & how much

Specific DSN data are displayed on the '*Votre activité professionnelle'* page:

- ▶ Employer

- ▶ Information on the type of contract

- ▶ Gross/net salary

Why a correction of the declaration of salaries service on mesdroitssociaux.gouv.fr ?

- ▶ [MySocialRights](#) is the only place where salaries are displayed, the way they have been declared**.**

- ▶ To enable people to implement their rights to correction, a new service was launched in December 2019 "Signalement".

- ▶ Currently, the possibility to claim an error is only offered for salaries/wages. Housing benefits need DSN salary data (last 12-month salary) which made the possibility to get access and ask for correction a strong need.

- ▶ The service is meant to be extended to other kind of services, especially to other sources of revenue.

Correction step by step:

1. The employer declares salaries each month through the monthly salary process linked to DSN declaration.

2. Revenues declared are stored in DRM (*Dispositif Ressources Mensuelles*) warehouse.

3. The DRM information is displayed to the worker on [MySocialRights](#).

4. The worker connects to [MySocialRights](#) and spots an anomaly (with some 50 000 corrections of salary so far requested).

5. A back-office agent checks if the anomaly is grounded or explains to the user that the data is right and how they should read their payslip.

6. The user receives an email confirming their claim is taken into account. They can address their HR Department directly or wait for correction.

7. The employer receives a message explaining why the data should be corrected. They correct the data and issue a new corrected payslip that will trigger new date stream towards DRM warehouse.

8. The portal is updated with proper data that can be used for social rights calculations.

For the purposes of continuous improvement, they intend to run focus groups to learn what users think about the portal to further develop the system.

The broader value of this system is that authorities can see where the problems are with the interpretation of existing rules because with the payroll software they can perform structural analysis of the complaints/reports.

Key challenges when developing e-portals voiced during the workshop included: the lack of sufficient resources, including the lack of a dedicated team of in-house developers working on the whole e-system; the lack of interoperability of databases; and legal barriers to sharing data across authorities.

The key tip was to start with the 'culture' of enforcement authorities using a combination of a top-down approach to allocate greater resources to developing accessible and human-centric digital public services and a concurrent bottom-up approach to elicit 'culture change' within enforcement authorities, not least by displaying the practical benefits to staff of pursuing such an approach. Resolving this will then make easier the resolution of the other challenges above.

Once e-portals are designed and implemented, a further challenge for many Member States has been how to increase the usage of them. The take-up has often been less than universal. One tip to improve take-up is to explicitly inform those paying taxes and social security contributions **why** they should use them (e.g., reducing the burden on them and providing quicker access to information) and **how** to use them. In **Belgium**, the tax administration has produced tutorial videos on YouTube explaining how to use the e-payment application and has promoted these videos via social media. In **Finland**, to launch the MyTax e-portal, the Finnish tax administration similarly produced YouTube videos and instruction manuals explaining how to use the e-portal, as well as several online webinars, including an open chat for questions about the reform changes and MyTax. An additional useful innovation in Finland was that the tax authority created an imaginary family (Family Korhonen) with different tax profiles and issues. The family had its own website and Facebook page, where it shared questions and thoughts about MyTax and the tax reform. The advantage of using such videos has been that they are available 24/7, can be easily shared with the target audience and, if short, can be watched quickly and provide tailored information. However, a disadvantage of using videos has been that they do not reach those without online access. To overcome this, such videos (e.g., on filing deadlines or new tax requirements) can additionally be shown on television to reach this segment of the population, and other channels used, such as advertorials in newspapers, radio adverts and leaflets. Therefore, the Finnish tax administration also used alternative channels to briefly describe the changes and introduce the new portal. However, the effectiveness of such information campaigns is very seldom measured – follow-up surveys assessing not only outreach, but also how effective the campaign was in changing actual behaviour or habits should be used.

Besides the challenge of increasing the use of such e-portals, another challenge when developing such e-portals relates to **data protection**. A tip to address this challenge is to develop biometric identification (e.g., face, voice, retina, or fingerprint recognition) to reduce fraud and save time. In **Denmark**, for example, all citizens and enterprises have an electronic identity (eID) which provides access to all digital public services and is also used by banks, insurance companies and other businesses, for the validation of payment transactions (European Commission, 2022d).

A third key challenge confronted by public authorities when developing such e-portals and merging registers into an interconnected data pool, is the **limited interoperability of datasets**, such as due to vendor lock-in, as is found in **Czechia** (European Commission, 2022c). This hinders joined-up e-portals. On this challenge of improving the interoperability of datasets, there is no tip for a quick fix. This barrier to e-portal development of addressing the cross-government interoperability of data requires concerted coordinated cross-government action by establishing a body to coordinate data interoperability.

An example is found in **Finland** where the Ministry of Transport and Communications, the Ministry of Finance, and the Ministry of Employment and the Economy, have established a group, the DigiOffice, to coordinate inter-ministerial cooperation on digitalisation and the data economy (European Commission, 2022f). **Greece** has adopted a similar initiative so that public authorities can connect their existing information systems to provide services online in accordance with the "digital by default" and "once-only" principles. The Interoperability Centre (KED) governs the interoperability framework (i.e. the functional interconnection, identification, and

synchronisation of information between key registers) and facilitates interoperability (European Commission, 2022l).

A fourth challenge is how to **encourage e-filing** of tax and social security contribution returns, which lowers costs both for the public authorities and the payers. One tip to improve take-up is again to illustrate **why** they should use e-filing (e.g., reducing the burden on them and providing quicker access to information) and **how** to use e-filing. Another tip is to offer incentives to do so, such as later submission dates for e-filing than for paper-filing, and lower penalties for late electronic than for late non-electronic submission.

E-filing of tax returns has also been encouraged through bespoke e-services for those that have conventionally been non-compliant. For micro-enterprises, a public-private partnership between the ETCB and an Estonian bank, LHV, has led to the entrepreneurial account for those delivering private person-to-person services (e.g., personal cleaners, gardeners, nannies). (Divald, 2021; ETCB, 2021; LHV Bank, 2020; Siiri, 2020).

The most recent shift in e-filing is away from the one-stop shop to the '**no-stop shop**' where there are pre-filled returns and payers simply confirm the information provided to them. Again, it has proven important to explain to customers how pre-filling operates using educational and awareness raising e-tools. In Italy since 2015, citizens can access their pre-filled tax returns and submit them online in a few steps. To promote the new service and assist taxpayers in its usage, the Italian Revenue Agency launched an information and awareness raising campaign. This not only used e-channels such as a dedicated website, including a frequently asked questions (FAQ) section, and prepared YouTube videos to tutor taxpayers in the use of the service, but also alternative channels such as TV and radio commercials and publishing advertisements in newspapers and magazines, guiding taxpayers through the new service. (OECD, 2021).

Beyond e-registration and e-filing of taxes and social contributions, the third most common set of functions of e-portals for taxes and social contributions is **electronic payment of money owed,** multifarious **e-notifications** (including their filing status and filing history, account summary, review of their payment plan, their obligations, tax assessment notices, and notifications of progress), and **e-guidance**.

Starting with e-payment of tax and social security contributions, one tip is to again inform customers about why they should use e-payment and how to use it. In Belgium for example, a YouTube video is used to explain to taxpayers how to use the online tax payment app. Another tip is to incentivise e-payment, especially in the early stages, to encourage its usage. This might involve later payment dates for e-payments or the ability to pay in stages.

On e-notifications about tax and social contributions (e.g., filing status, filing history, review of payment plans, obligations, tax assessment notices, notifications of progress) and e-guidance on tax and social contribution liabilities, it is important to recognise that as customers become more sophisticated digital users, expectations are continuously rising. This means that the e-notification and e-guidance systems of enforcement authorities need to match customers' expectations (Granger and Sawyer, 2023) and match their experiences when using equivalent commercial websites, such as banking or insurance platforms.

One recent trend and tip on the way forward is to make available e-guidance in context ("**just a click away**") and to embed support tools (e.g., spreadsheets, calculators) where they are required by customers. Enhancing the quality of provision of e-notifications and e-guidance to businesses, employers, and workers on their expected tax and social contribution liabilities is not simply about providing a service to customers. By reducing uncertainty over tax and social security contribution liabilities, non-compliance is significantly reduced (Alm et al., 2010; McKee et al., 2018). Therefore, high quality e-notification and e-guidance systems improves certainty and therefore compliance levels.

A common e-service used in this regard are applications ('apps'), a software package that enables users to engage in a process or complete a task. For example, in Finland, online calculators enable both workers and employers to calculate their tax and social security contribution liabilities, namely the Gross Income Calculator and Tax Percentage Calculator (European Platform Tackling Undeclared Work, 2019k). In Spain, meanwhile, for smaller and medium-sized enterprises and the self-employed, Direct Settlement System (*Sistema de Liquidacion Directa*) for paying social security contributions is accompanied by videos explaining the data to be provided, the timing, etc., and for the self-employed, there is a app to calculate the payment owed.

A further e-service being offered to customers by some enforcement authorities is online access to their risk rating so that they can for example correct unintentional mistakes that they have made. This reduces the need for costly audits and inspections by the enforcement authorities by encouraging corrections to be made and greater levels of voluntary compliance without the need for audits and inspections. Since June 2020 in Estonia, businesses can view online how the ETCB rates their businesses in terms of risky tax behaviour (ETCB, 2020; European Platform Tackling Undeclared Work, 2022a). The intention is to enable businesses to correct simple and honest mistakes. Making available to the public such an e-service on the risk assessment used is a means of enabling voluntary compliance and reducing the need for costly audits. A similar e-service could be provided by labour authorities to make available online either their risk assessment tool or their results in terms of identifying risky businesses. This would similarly act as a preventative e-service encouraging voluntary compliance.

Many additional e-services can be offered via e-portals for tax and social contributions. An example of an additional e-service is the **automatic granting of benefits**. In Belgium, for example, the Crossroads Bank for Social Security (CBSS) has simplified and made easier for recipients the payment of social benefits by making them automatic (i.e., developing a "no-stop shop") (European Platform tackling undeclared work, 2019b). Examining the lessons for other countries, the critical success factors are the requirement for a common vision on e-service delivery, support from high-level policy makers, stakeholder trust in the system, and respecting the legal allocation of competences. In Belgium, top-level political support, the gradual involvement of general managers in all public social security institutions, social partners, and general managers of the private social security institutions, were significant in enabling its success. Its success was also premised on e-service delivery based on a multi-disciplinary approach covering legal, ICT, communication, coaching, training, and change management.

2.2   Online help with keeping records

To make declared work easier, authorities can also offer online help and support to businesses, employers and sole traders with keeping records. This prevents unintended non-compliance, and reduces uncertainty among businesses, employers, and sole traders regarding future liabilities.

One approach is for authorities to provide online information (e.g., fact sheets or flow charts) on record-keeping requirements, and free online advice and training on keeping records (e.g., using online educational videos, and courses) and/or free record-keeping software. Of 30 European countries surveyed in 2022 (Williams and Horodnic, 2022), 50 % responding provide fact sheets on record-keeping requirements (75 % of Western, 67 % of Northern, 44 % of East-Central and 20 % of Southern European countries), 38 % free advice/training on keeping records (50 % of Western, 40 % of Southern and 33 % of Northern and East-Central European countries), but only 8 % free record-keeping software to businesses (33 % of Northern and no Western, East-Central or Southern European countries). It was not asked if this was online or not.

A further record-keeping initiative, this time specifically in relation to making the recording of working time easier for employers and workers, is the development of **digital workplace identity cards** in general, and digital social/labour ID cards more specifically (for reviews, see Briganti et al., 2015, Williams, 2022), especially when

these digitalised cards are used to record workplace "entry and exit" times. Social/labour ID cards are currently the subject of a Platform subgroup, for which an output report is planned in 2023, so are not further considered in-depth here. Instead, two examples of their usage to facilitate record-keeping are given.

An example of how identity cards can be used to digitally record working time is found in Belgium, where employees use their identity cards to sign in and out when using certified cash registers, thus enabling a recording of who is working and their hours of work (European Platform tackling undeclared work, 2022b). In this instance, therefore, certified cash registers not only monitor business turnover but also who is working and their hours, making the recording of working hours easier for employees and employers.

A second example in **Greece** is that article 74 of Law 4808/2021 established that all companies are required to have and operate an electronic system for measuring the working time of their employees directly connected and interoperable, in real-time, with the Information System ERGANI II. In other words, the Hellenic Labour Inspectorate receives the information digitally and in real time. The measurement of working time is carried out using a **digital labour card**. The details of the digital labour card are cross-referenced with the details written in the Analytical Periodic Declaration (A.P.D.) submitted by the company to the Social Security Services (EFKA). On 1 July 2022, the digital card was applied to banks and supermarkets with more than 250 employees. In October-November 2022, there was the mandatory registration of the digital organisation of working time applied to all these employers. This was necessary for the declaration of employment relationships and the declaration of working time. The second phase of the implementation of the digital card started on 16 February 2023 with the inclusion of insurance and security companies, and public authorities. There is therefore a limited range of industries at present, but it is being rolled out over time. The registration of real working time can be done in two ways: (i) with the systems of timekeeping employers have been using all along and that can interconnect with the digital card and (ii) with the application Ergani Card Scanner. The transmission of the data is taking place in real-time. All the information of the digital card will be immediately available to employers in a digital calendar format. The registration of working time requires only four steps:

- ▶ The employer is connected to the system using EFKA;

- ▶ The employee chooses arrival or departure;

- ▶ The employee scans their QR Code to the application Ergani Card Scanner;

- ▶ The arrival or departure of the employee is being registered.

All the information on working time will be digitally entered into the ERGANI II system and will be available to employees through the myErgani mobile app, as well as through the myErgani web portal. Employees will also be able to sign in and out of work by using the mobile app.

The value of such online help with keeping records is that compliance is improved by reducing uncertainty. One tip is to use a data-driven approach to target such support at those sectors and occupations, or even individual businesses, more at risk of non-compliance using data analytics.

2.3   Online compliance lists

A further potential means of making declared work beneficial for employers and sole traders is to develop compliance lists (traditionally and less inclusively called "whitelists") if there are incentives to be on these lists. These lists name compliant businesses not violating tax, labour, and/or social security laws in the recent past. Of 30 European countries surveyed in 2022 (Williams and Horodnic, 2022), 55 % responding use compliance lists (83 % of Northern, 56 % of East-Central, 50 % of Western, and 20 % of Southern European countries).

Benefits offered by authorities to be on these lists can range from fewer or no inspections, access to public procurement contracts, subsidies, and government issued licences only for those listed.

A first option, therefore, is to make only those named able to bid for public procurement contracts. Such contracts are a major income source for businesses, employers, and sole traders in many countries. According to the World Economic Forum (WEF), governments globally spend about USD 9.5 trillion each year on public procurement (Wahba, 2020). If used for this purpose, a first challenge is to ensure that online compliance lists are up to date. A second challenge if those not listed are excluded from bidding for and receiving public procurement contracts, is to decide what violations result in their exclusion and the time that they are to be excluded, which needs to be proportionate to their violations, due to their consequent exclusion from public procurement contracts. A second option is that only those on compliance lists can access state subsidies and support, which can be either the full range or a selection of the subsidies available. The same challenges exist. A third option is that only those on such a list can receive the licences required to operate in their trade (Blank, 2014) and again, the same challenges exist.

A tip on the way forward is that traditionally, businesses, employers and sole traders are either named on an online compliance list or they are on a non-compliance list. However, the advent of increased digital data enables a more nuanced development of compliance lists. This is exemplified in Estonia. The tax behaviour ratings list of businesses produced by the ETCB reports the **level of compliance** of businesses. The tax behaviour rating of a business is calculated using five indicators (i.e., tax arrears, timely tax filing, penalties received for tax violations, tax proceedings against them and any management board member). The legal representative of the company can view their rating based on a traffic-light system. Green represents 'everything is okay', yellow indicates 'some deficiencies', and red 'serious deficiencies', with e-guidance provided on how to rectify the rating. Issues are often about incomplete data, but the largest number of cases relate to 'envelope wages' (i.e., declared wages of a company which are much lower than the average wages for similar positions). Seeing their rating allows a company to address issues before they are approached for audit (ETCB, 2020). The incentives for a high rating are that it reduces the likelihood of audit and **when made public**, it influences business-to-business and business-to-consumer decisions on whether to source from them. As such, this e-service provides an incentive for businesses to address their ratings voluntarily and before being approached. As audits are expensive and time-consuming processes, it is in the interest of the businesses as well as the government for businesses to do so if they are making simple and honest mistakes.

Importantly, this type of online compliance list reporting the different levels of compliance of businesses, rather than simply whether they are compliant or not, enables the use of **thresholds** or cut-offs (e.g., for bidding for public procurement, for obtaining a subsidy or licence) to be set at different points on this scale. This means, for example, that businesses submitting their tax return two days late would not find themselves excluded from public procurement contracts (i.e., so that the punishments are proportional). This facilitates a more nuanced use of compliance (and non-compliance) lists.

3.0 E-services that encourage purchasing from the declared economy

Key findings

▶ A wide range of e-services can be used to encourage purchasing from the declared economy.

▶ A first approach is to discourage cash payments and encourage electronic payments. Indeed, the workshop heard how a 10 % increase in digital payments decreases the EU undeclared economy and increases the EU GDP by EUR 207.29 billion (1.2 %) and total tax revenues by EUR 81.330 billion (1.24 %).

▶ To achieve this, on the one hand, cash payments can be discouraged either by: using a mandatory ceiling on cash transactions; encouraging employers to pay wages electronically; reducing free access to cash; legally requiring a certain percentage of the income to be spent through e-payments, and/or imposing penalties for the use of cash.

▶ On the other hand, e-payments can be incentivised either by: using point-of-sale terminals; encouraging the issue of e-receipts; public authorities fully adopting e-payments and ceasing cash payments, and/or providing incentives for consumers and/or business to use e-payment.

▶ A second approach is to encourage purchasers to buy declared, such as by organising educational campaigns encouraging citizens to do so, developing systems to enable e-receipts to be issued, or by incentivising purchasers to request receipts, such as by using receipts lotteries.

▶ A third approach is to use social labelling e-services so that socially responsible informed decisions can be made by consumers, exemplified by the Just Tourism website publicising hotels that respect workers' rights. The workshop heard how similar initiatives could be developed in many other similar sectors, such as food and beverage serving businesses.

▶ The most common challenges identified included changing citizens' mindset regarding digital solutions (due to privacy concerns, habits, and digital literacy), effectively communicating the benefits of declared purchasing and addressing the costs of cash payments for small amounts.

▶ Participants shared some initiatives that could overcome these challenges, such as tax exemptions for small payments, information campaigns to promote e-payments among citizens afraid of data protection issues, and initiatives to incentivise purchasers to request receipts.

The first session and parallel workshops discussing e-services that make declared work easier and beneficial for businesses and workers have been reported. Given that the supply of undeclared work would not exist without a demand for such work, undeclared work can be also tackled using e-services that make it easier and beneficial for buyers to purchase their products. This was the subject of the second session and parallel workshops.

The aim of this parallel workshop session was to:

▶ Highlight interesting examples of e-initiatives in Member States and enforcement authorities to encourage purchasing from the declared economy.

▶ Identify the challenges and obstacles in introducing e-services to encourage purchasing from the declared economy, and

- ▶ Provide any tips from the experiences of participants on how these challenges and obstacles can be overcome.

To do so, three questions were asked:

- ▶ Are there interesting examples of e-initiatives in your Member State to make declared work easier and beneficial for purchasers? How do e-services in doing this differ from conventional demand-side incentive initiatives?

- ▶ What are the challenges and obstacles in introducing e-services to make declared work easier and more beneficial?

- ▶ Do you have tips from your own experiences on how these challenges and obstacles can be overcome?

Below, the outcomes are reported.

E-services identified that target buyers to incentivise declared economy purchasing include:

- ▶ E-services to incentivise electronic payments and deter cash payments.

- ▶ E-services to encourage purchasers to buy declared, including incentivising purchasers to request receipts.

- ▶ Social labelling e-services

Each is here considered in turn along with the challenges in developing them and tips on how these challenges can be overcome.

3.1 Incentivising e-payments and discouraging cash payments

Transactions in the undeclared economy often (but not exclusively) use cash as the medium of exchange, not least because it leaves fewer digital traces and reduces the risk of detection. For this reason, e-services can be developed to disincentivise cash payments and incentivise electronic payments. This shift towards e-payments reduces the cash available to businesses to pay workers on an undeclared basis.

Previous studies have evaluated the potential effectiveness of such a demonetisation approach. The Foundation for Economic and Industrial Research (2015) finds in Greece that each percentage point increase in electronic rather than cash payment produces an increase in tax revenue of 0.24 percentage points. Schneider and Kearney (2013) more widely in Europe find that a 10 % annual increase in electronic payments for four consecutive years would decrease the size of the undeclared economy by some 5 %. Box 8 reports more recent contemporary findings regarding the effectiveness of this approach reported at the workshop.

Box 8. Evaluating the impacts on undeclared work of incentivising e-payments and deterring cash payments

To calculate the reduction in undeclared work due to an increase in the level of digital payments, Professor Friedrich Schneider reported to the workshop that several assumptions needed to be made:

- ▶ First assumption: The increase of digital payments is reflected 100 % in a decrease in undeclared work.

- ▶ Second assumption: A decrease of the undeclared economy increases the "official" gross national product (GNP) by the same amount.

- ▶ Third assumption: All calculations are made for 2021.

▶ Conclusion: Due to the EU-wide increase of digital payments, the EU-wide decrease of the EU undeclared economy cannot be used to draw conclusions about the size of the decrease for single EU countries, because the reactions (i.e., the use of digital payments systems) are different in single EU countries.

Based on these assumptions, Professor Schneider reported the following findings for the EU countries in aggregate as well as for the Czechia:

▶ A 5 % increase in digital payments in all EU countries leads to a decrease of 3.45 % in the undeclared economy, or EUR 103.52 billion of the EU undeclared economy.

▶ A 10 % increase in digital payments in all EU countries leads to a decrease of 7.00 % in the undeclared economy, or EUR 207.38 billion of the EU undeclared economy.

▶ A 20 % increase in digital payments in all EU countries leads to a decrease of 14.00 % in the undeclared economy, or EUR 418.62 billion of the EU undeclared economy.

▶ In the Czechia, a 20 % increase in digital payments leads to a decrease of 17.45 %, or EUR 5.79 billion of the Czech undeclared economy.

▶ In the Czechia, the respective decrease of the EU (CZ) undeclared economy in EUR billion increases the EU(CZ) GNP by the same amount, because it is assumed that the use of digital payments is possible only in the official economy.

Professor Schneider then reported the increased tax revenues due to the reduction in the undeclared economy caused by an increase in digital payments:

▶ A 10 % increase in digital payments decreases the EU undeclared economy and increases the EU GDP by EU 207.29 billion (1.2 %) and total tax revenues by EUR 81.330 billion (1.24 %).

▶ A 10 % increase in digital payments decreases the Czechia undeclared economy and increases the Czechia GDP by EUR 2.91 billion (1.3 %) and total tax revenues by EUR 1.044 billion (1.4 %).

Given these estimates of the impacts of increasing electronic payments and reducing cash payments, a range of policy initiatives can be used to implement this demonetisation approach and shift towards e-payments. On the one hand, there are policy initiatives that seek to discourage cash payments. Box 9 reports these policy measures.

Box 9. Deterring cash payments

To deter cash payments, the following initiatives can be implemented:

▶ **Establish a mandatory ceiling on cash transactions**. In EU countries, this is currently set at various levels, although this ceiling level is continuously decreasing over time. In Belgium, it is EUR 3 000, circa EUR 5 100 in Bulgaria, EUR 15 000 in Croatia, EUR 10 500 in Czechia, circa EUR 2 700 in Denmark, EUR 1 000 in France (with exceptions), EUR 500 in Greece, EUR 1 000 in Italy, EUR 7 200 in Latvia, EUR 3 000 in Lithuania, EUR 10 000 in Malta, circa EUR 3 267 (between traders) in Poland, EUR 3 000 in Portugal, circa EUR 1 000 per day for payments to entrepreneurs and EUR 2 000 per day for the delivery of goods and service in Romania, EUR 5 000 in Slovakia and Slovenia, and EUR 1 000 in Spain. In several countries, there is currently no limit (e.g., Austria, Estonia, Finland, Germany, Hungary, Iceland, Ireland, Luxembourg, Netherlands, Norway).[5] A proposal was made in

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[5] Help and Advice for Consumers in Europe. Cash payment limitations.

2021 for an EU-wide cash limit of EUR 10 000.[6] This ceiling level is a useful starting point for countries seeking to shift from cash to e-payments. A challenge for Member States is how they can detect when this ceiling level has been exceeded.

▶ **Employers could pay wages electronically**. A challenge in implementing this is that making it mandatory could potentially and debatably contravene article 3 of the 1949 ILO Convention 95 on the protection of wages, which has been ratified by 15 Member States.[7] ILO C95, article 3, paragraph 2 states "The competent authority may permit or prescribe the payment of wages by bank cheque or postal cheque or money order in cases in which payment in this manner is customary or is necessary because of special circumstances, or where a collective agreement or arbitration award so provides, or, where not so provided, with the consent of the worker concerned."

▶ **Reduce free access to cash**, such as by moving away from no-fee automated teller machines (ATMs). Instead, mandatory charges for extracting cash from ATMs could be introduced. Article 3(1) of Regulation (EU) 2021/12301 on cross-border payments (CBPR2) requires that charges levied by a payment service provider on cross-border payments in euros, including ATM withdrawals, be the same as those they levy for corresponding national payments of the same value in the Member State where the consumer has their account. This means that charges applied in cross-border situations shall not exceed charges applied in the country where the consumer has the account. However, surcharges applied on ATM withdrawals are not necessarily a breach of this Regulation as it only requires that ATM charges be equalised between domestic and cross-border payments. There is no regulation to prevent consumers being charged additional costs for ATM withdrawals outside their own ATM network. The Commission considers that, if the principle of equality of charges is respected, the level charged may be left to the market and to the free competition between payment service providers.[8] Nevertheless, according to data from 2018, ATM withdrawal fees vary considerably across Member States. In Belgium, banks do not charge fees, in Italy and Bulgaria there are fixed fees, while in Croatia and Malta banks charge fees as a percentage of the transaction amount. Swedish banks charge annual fixed fees for withdrawing cash at other banks' ATMs.[9]

▶ **Impose penalties for the use of cash**. For example, in Greece since 2017, taxpayers not spending a certain proportion of their annual income via e-payments are penalised, with the penalty being 22 % of the difference between the minimum required spend and actual spend. For taxable incomes up to EUR 10 000, at least 10 % of income must be spent via e-transactions. For taxable incomes between EUR 10 001 and EUR 30 000, and over EUR 30 000, the minimum required spend increases to 15 % and 20 % of income respectively. Moreover, tax allowances and deductions are only available for e-payments, not cash payments (Chacaltana et al., 2018).

▶ **Make e-payments mandatory and ban the use of cash**. In Sweden, the goal is for a cashless society (Fourtané, 2020), but contrary to widely circulating myths at the time of writing, it is not banning the use of cash. According to figures from Riksbank, Sweden's central bank, the proportion of citizens using cash has fallen from 40 % to just 9 % over the past decade, with cash predominantly being used by older population groups for smaller payment amounts.

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[6] Tagesspiegel. Organized crime, corruption, undeclared work: The EU Commission wants to introduce a cash limit of EUR 10 000.
[7] ILO Protection of Wages Convention, 1949 No. 95.
[8] Insight EU Monitoring. *Cost of Withdrawing Cash in the EU – EU Commission answer E-001440/2022*.
[9] Parliamentary question for written answer - E-002290/2020.

On the other hand, there are policy initiatives that can be taken to incentivise electronic payments. Box 10 reports these policy measures that can be used.

<table>
<tr><td style="background-color:#1a5ab5;color:white;font-weight:bold;">Box 10. Incentivising electronic payments</td></tr>
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To incentivise e-payments, the following initiatives can be implemented:

▶ **Introduce point-of-sale (POS) terminals across all sectors of the economy**. Traditionally, POS terminals have been introduced on a sector-by-sector basis. This requires priority to be given to sectors where undeclared work is rife, which will vary country-by-country. An alternative is to prioritise business types where undeclared work is more prevalent, such as micro-enterprises, by providing them with free POS apps enabling them to use their mobiles as a POS device which records payments, sends and tracks invoices, as well as receipts, and can issue refunds and pro forma quotations.

▶ **Encourage businesses to issue e-receipts**, such as by allowing invoices and receipts to be issued electronically rather than always by paper, or by issuing software to issue e-receipts. Indeed, in Estonia, the 2020-2027 Real-Time Economy Vision is introducing B2B e-invoicing, e-receipts and e-waybills and transitioning to automated reporting by enabling businesses to automatically transmit data from their financial software to the state (European Commission, 2022e). See Box 12 below.

▶ **State authorities fully adopt e-payments and cease cash payments**. For example, the European Parliament and Council voted the Directive 2014/55/EU on electronic invoicing in public procurement on 16 April 2014, and from 18 April 2019, the public administrations of all EU Member States have had to electronically receive and process their invoices. This concerns any B2G (business-to-government) and G2G (government-to-government) trades and transactions within the EU.

▶ **Provide incentives for consumers using e-payments**. In contrast to Greece discussed above where consumers are penalised for not spending a certain proportion of their annual income electronically, one parallel workshop heard how the Republic of Korea has since 1999 provided an **incentive**, namely a tax deduction, if they reach a certain level of electronic transactions. Taxpayers receive a deduction on their year-end tax settlement of up to KRW 3 million (EUR 2 160). If the aggregate electronic expenditure of a taxpayer or their dependents exceeds 25 % of their gross income, 5 % of this amount is deducted from income tax. The deduction limit is the lesser amount between the 20 % of gross wage and salary income and KRW 3 million (Chacaltana et al., 2018). Between 1999 and 2012, credit card usage as a proportion of total private consumption expenditure increased from 10 % to 52.8 % (Sung et al., 2017). According to Kim (2017), this has broadened the tax base increasing the number of taxpayers and tax revenue. A further tool to achieve this is to increase the maximum amount of a transaction for which contactless cards can be used at the point-of-sale, thus encouraging their further usage.

▶ **Provide incentives for businesses using e-payments**, such as by governments reimbursing charges made by banks to merchants for digital transactions where such charges exist.

In conclusion, numerous tools exist for discouraging cash usage and incentivising e-payments, some of which are more challenging to implement than others in different national contexts. Moreover, and as one of the parallel workshops discussed, a major challenge confronting Member States when pursuing demonetisation and a shift towards e-payments is that most e-transactions use means of exchange owned by an oligopoly of multinational corporations. How to avoid Member States becoming over-dependent on these corporations is a key challenge. Money as a means of exchange was stated-owned but e-transactions as a means of exchange is owned by this

oligopoly of corporations. A tip to address this challenge is to introduce **central bank issued digital currency**. This is currently being discussed as a way forward in China, the USA, the Eurozone,[10] and the UK.

3.2 E-services encouraging purchasers to buy declared

Another way of reducing demand for undeclared goods and services is to encourage purchasers to buy declared goods and services. Box 11 reports an example presented at the workshop of an e-service encouraging purchasers to buy declared from Norway.

Box 11. The 'Handle hvitt' or 'Buy declared' digital tool, Norway

The 'Handle hvitt' ('Buy declared') portal is targeted at private consumers buying services from six sectors: craftsmen, small jobs, car washing, cleaning, hiring of services and construction work. The portal shows what the regulations are and how you go about doing things correctly in relation to tax and duty.

Background

In a parliamentary resolution from 2015, it was stated "The Parliament asks the government to carry out efforts to raise awareness among consumers that it is illegal to buy undeclared goods and services, and that doing so entails support for criminal activity."

The main goal of Handlehvitt is to put consumers in the private market in a better position to make informed decisions and contribute to more compliance in the long term.

SMSØ

All Handlehvitt's initiatives are collaborations with the Partnership to Combat the Shadow Economy (SMSØ). The initiatives are based on SMSØ's action plan. Apart from the tax administration, the partners that make up SMSØ are six organisations working on behalf of employees and employers (i.e., social partners).

Target group and goals

The target group is consumers in the private market. The intention is to make it easier for the private market and consumers to make the right decisions. This initiative contributes to making it easier for consumers to engage services legally.

Strategy

Surveys showed that over 92 % of the Norwegian population state that they buy services legally, but that they are uncertain about the regulations and how to make the right decisions. Research shows that an effective measure to influence consumers to act legally is to focus on the majority who want to buy services legally instead of focusing on the minority who buy services illegally.

Webpage

▶ It was decided to establish a webpage with easy understandable and relevant information

▶ "Self-service"

▶ The webpage focus being on typical markets for the private customer.

Challenges

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[10] European Central Bank (ECB).

▶ To get visibility/attention.

▶ When paid for Google attention, the page had 15 000 visitors per month.

▶ Without paid attention, the page receives about 5 000 visitors per month.

▶ "Don't forget to publish it".

Usability testing

▶ "If this was easier, I think more people would report correctly and pay tax".

▶ "I think the step-by-step guides were easy and practical".

▶ "When you visit the website, you want to make the right decisions".

Main take-aways and lessons learnt

▶ Focus on the average customer, the ones with the intention to buy declared.

▶ Do not use a moralising tone, such as "Illegal labour is a thief".

▶ Have other partners/stakeholders to link to the webpage.

▶ Make the webpage user-friendly.

▶ Link to useful websites.

▶ Use continuous publishing of advertisements (in social media).

Another approach to reducing demand for undeclared goods and services is to encourage purchasers to buy declared goods and services by **incentivising purchasers to ask for receipts**. To encourage consumers to ask for receipts, they must have a reason. A common way of encouraging them to do this, but not the only way, is to incentivise customers to ask for receipts by giving them the chance 'to win the lottery' if they collect and submit the receipts. Such receipt lotteries have been introduced in Portugal (Wilks et al, 2019), Romania (European Platform Tackling Undeclared Work, 2019e) and Slovenia (European Platform Tackling Undeclared Work, 2017). Malta reported at the workshop that they too have developed such a receipts lottery.

An alternative way of encouraging consumers to request receipts is to offer them the financial incentive of a direct tax deduction. So far as is known, this has not been used in any European country.

Box 12 provides an example of another initiative presented at the workshop to encourage businesses to issue e-receipts, this time from Estonia.

Box 12. 2020-2027 Real-Time Economy Vision, Estonia

In Estonia, the 2020-2027 Real-Time Economy Vision is introducing B2B e-invoicing, e-receipts and e-waybills and transitioning to automated reporting by enabling businesses to automatically transmit data from their financial software to the state. Businesses can then focus on urgent business matters, on things that really make value for the company and increase productivity, instead of dealing with various time-consuming administrative activities. All business data belongs to the entrepreneur and their sharing is only done with the entrepreneur's consent.

A study conducted in 2020 showed that the use of real-time economy solutions, including e-invoicing, could help save more than 14 million working hours (circa 7 000 full-time equivalent employees) and EUR 200 million.

Estonian taxpayers could save more by switching to e-invoices alone, namely circa EUR 100 million per year.

What can be done with the data?

▶ B2G data-driven reporting and sustainability level
▶ Submit data, not reports – automatically at the right time!

Key elements:

▶ Unified and standardised data across borders and sectors;

▶ Financial and non-financial data on business activities (tax declarations, annual reports + sustainability);

▶ Environmental, Social and Governance (ESG) reporting (water, waste, air, package, fuel, labour and workforce data, etc.);

▶ Obligation for big and listed companies (starting from 2024);

▶ Digital Product Passports – transparent product lifecycle for consumers.

How can we provide added value on data?

Business Viability Index for businesses based on AI:

▶ Service displayed free of charge on Eesti.ee (e-state services portal),

▶ Based on both financial and non-financial information (employees, location, weather data, etc.),

▶ Automated forecasts, automated suggestions and recommendations,

▶ Company data is visible only to the entrepreneur, but available for sharing and publishing of desired parts.

Future perspective for private persons

▶ We can provide trustworthy user-centric view on data based on sustainability level or index,

▶ We can provide information about social aspect and governance, meaning labour and workforce equality,

▶ Businesses are more motivated to provide transparent and trustworthy view on their business activities to build up reputation for their customers.

3.3   Social labelling e-services

A final demand-side e-service to encourage consumers to purchase products and services from the declared economy are social labelling e-services. These provide an e-service that informs consumers about whether workers' rights are being respected by sellers.

To publicise and promote hotels that respect workers' rights so that those making a hotel booking can be informed, the European Federation of Trade Unions in the Food, Agriculture and Tourism (EFATT) and International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco, and Allied Workers' Associations (IUF) launched a website, 'Just Tourism'. This helps consumers to select hotels by listing those hotels that have been found to respect workers' rights. Using a list of criteria for whether decent work exists for the hotel workers, those hotels meeting these criteria are listed. This platform currently lists hotels in Canada, Croatia, Denmark, Ireland, Norway,

Slovenia, Sweden, and the USA (EFFAT, 2021). It could be replicated in many additional countries. For hotel chains, such an e-service fits well with their corporate social responsibility (CSR) agendas, as does the good publicity that results from being listed.

There is perhaps little reason why this e-service could not be organised by labour authorities, or why labour authorities could not more fully collaborate with the national social partners to develop this social labelling e-service. For example, data could be provided using their compliance lists for qualifying hotels. If compliance lists denote the level of compliance of businesses (see above), this might prove even more valuable because different stars (i.e., grades) could be awarded to businesses by this e-service. To implement this, collaboration is required between the social partners and those labour authorities on the common criteria to be used on an EU-level for grading hotels. Platform members and social partners, for example, could decide to request to ELA for a staff exchange, subgroup, or peer-learning dialogue to how this e-service could be further expanded.

There is also no reason why a similar social labelling e-service could not be implemented in other sectors where undeclared work is prevalent. One prominent example is food and beverage serving businesses. In this sector, there are already labelling initiatives on food quality standards, such as the Michelin star scheme, and quality assurance labelling initiatives on food hygiene standards, so the sector is used to such labelling schemes. In the food and beverage serving industries, given that bookings are increasingly made online, this rating system for labour standards could be included on booking platforms, in addition to the conventional physical 'stars on their doors' labelling system, to denote the degree to which decent working conditions prevail in such establishments.

Such demand-side social labelling e-services, such as for hotels, food and beverage serving businesses, and food processing industries, respond well to on the one hand, the desire among a growing segment of the population, especially Millennials and Gen-Z, to make socially responsible purchases and on the other hand, to the corporate social responsibility (CSR) agendas of most businesses.

4.0 E-services to change social norms through education and awareness raising and to modernise enforcement authorities

Key findings

A wide range of e-services can be used to change social norms about engaging in the declared economy and not participating in undeclared work. These include:

▶ Educational and awareness raising e-tools:

▷ Virtual reality films, videos, direct messaging, websites, online tools and calculators, online quizzes and games, web chat functions, web portals, e-learning programmes and platforms, and webinars.

▷ The common challenges identified included labour inspectorates lacking expertise in education and awareness raising e-tools, low priority given to such e-tools by labour inspectorates, insufficient resources for communication units, and the difficulty of measuring the benefits of investing in educational awareness tools and campaigns.

► E-services to modernise enforcement authorities:

▷ E-tools adopted by enforcement authorities to improve procedural justice, by which is meant developing e-services in enforcement authorities and for their officials that enhance the extent to which citizens, workers, employers and businesses are treated in an impartial, respectful and responsible way.

▷ E-tools adopted by enforcement authorities to improve procedural fairness, by which is meant developing e-services in enforcement authorities that enhance the extent which citizens, workers, employers and businesses believe that they pay a fair share relative to others. This includes e-services firstly that educate citizens, workers, employers, and businesses about what their taxes and social contributions are spent on and secondly, the relative contributions of others. Examples are e-initiatives to display the low level of non-compliance and that most workers, employers and businesses are not evading the payment of taxes and social contributions.

▷ E-tools adopted by enforcement authorities to improve redistributive justice, by which is meant developing e-services in enforcement authorities that enhance the extent to which citizens, workers, employers and businesses believe that they receive the public goods and services that they deserve given the tax and social contributions that they make.

Until now, in sections 2 and 3, e-services have been evaluated that raise the costs and decrease the benefits of participation in undeclared work as well as decrease the costs and improve the ease and benefits of participation in declared work. However, participants in undeclared work are not always rational economic actors. They are also often social actors whose social norms do not adhere to the formal rules and regulations (Horodnic and Williams, 2022; Kogler et al., 2022; Koumpias et al., 2020). Formal institutional failings, and a lack of trust in their peers to comply, lead to their norms, values and beliefs not aligning with the formal regulations (for a review, see Williams and Horodnic, 2021). Therefore, the final workshop session and parallel working groups addressed the role of e-services in promoting greater voluntary compliance with the formal rules. These sessions discussed using e-services to change the norms, values and beliefs of businesses, employers, workers, and citizens using on the one hand, digital education and awareness raising campaigns and on the other hand, pursuing e-services to modernise the formal institutions to encourage greater voluntary compliance.

The aim of the session and parallel working groups was to showcase the range of e-service initiatives that enforcement authorities can use to change social norms about undeclared work through the provision of (i) education and awareness raising and (ii) human-centric and accessible public services to modernise authorities. The intention in doing so was to:

► Highlight interesting examples of e-initiatives in Member States and enforcement authorities to educate and raise awareness and human-centric and accessible public services to modernise authorities.

► Identify the challenges and obstacles in introducing e-services to educate and raise awareness and human-centric and accessible public services to modernise authorities.

► Provide any tips from the experiences of participants on how these challenges and obstacles can be overcome.

To do so, three questions were asked:

► Are there interesting examples of e-initiatives in your Member State or authority to change social norms about undeclared work through the provision of education and awareness raising? How do e-tools in

doing this differ from conventional education and awareness raising initiatives? What is their added value?

▶ Are there interesting examples of effective e-initiatives in your Member State to change social norms about undeclared work through the provision of human-centric and accessible public services?

▶ What are the challenges and obstacles in introducing e-services to change social norms about declared work, and do you have tips from your own experiences on how these can be overcome?

Below, the outcomes are reported.

E-services identified that do this include:

▶ Educational and awareness raising e-tools to change social norms.

▶ E-services to modernise enforcement authorities to:

▷ improve procedural justice.

▷ improve procedural fairness.

▷ improve redistributive justice.

Each is here considered in turn along with the challenges in developing them and tips on how these challenges can be overcome.

4.1   Educational and awareness raising e-services

E-services focused upon education and awareness raising seek to make declared work more acceptable by changing social norms about the benefits of declared work and costs of undeclared work. Various tools can be used to deliver education and awareness raising e-services:

▶ **Social media** can be used to communicate general information digitally.

▶ **Direct messaging** can be used to answer questions and direct customers to information relevant to their enquiry.

▶ **Websites** can be used to explain procedures and obligations and to direct customers to other relevant channels and tools.

▶ **Online tools and calculators** can enable clients to assess their situation and understand how best to comply (e.g., virtual assistants and chatbots, videos, virtual reality films, interactive quizzes, interactive computer games).

▶ **Web chat functions** can allow customers to interact with live agents via the web. In Lithuania, for example, advice and support to businesses and workers has been provided by the labour inspectorate using first Facebook messenger (European Platform Tackling Undeclared Work, 2019f) and more recently 7 000 consultations have been conducted using a chatbot and there is ongoing work on applying ChatGPT, which is not least addressing issues related to the risk of using data from sources other than official ones.

▶ **Web portals** can bring together multiple sources and forms of assistance for customers including tools, calculators, e-learning programmes, data and statistics, and communication channels.

► **E-learning platforms** can be used to educate customers about various topics relevant to their specific situation using e-learning programmes, supported by digital newsletters to update customers on upcoming deadlines and changes to regulations.

► **Webinars** can be used to supplement to e-guidance, and face-to-face workshops due to their greater reach, although the scope for direct engagement by customers and interaction can be limited. As such, they are more suited to providing simple easily accessible introductions and for acting as a gateway to, and signposting access to, more detailed technical e-services for those needing them (OECD, 2022).

There is also a shift towards exploring the use of artificial intelligence in public authorities. In Estonia, the *Bürokratt* is an interoperable network of artificial intelligence (AI) applications, working towards giving people access to public services through virtual assistants and voice interaction (European Commission, 2022e) and the Swedish Agency for Digital Government (DIGG), in June 2021, was tasked to coordinate a project (with a EUR 0.5 million budget) to increase the use of artificial intelligence in public authorities, including the Swedish Public Employment Service, the Swedish Companies Registration Office and the Swedish Tax Agency (European Commission, 2022a). A further AI example from Latvia is the 'Remote Officer' pilot e-service launched at the end of 2021 to provide customer support and personalised consultations with specialists from the State Social Security Fund and the State Tax Service and, if necessary, to allow the remote processing of service requests. From 2022, the 'Remote Officer' service allows citizens, employers, and sole traders to have fully remote access to more public administration services to reduce the administrative burden and accelerate the provision of competent advice from authorities, including regional authorities (European Commission (2022i).

Box 13 provides another example of several educational and awareness raising e-services from Belgium presented at the workshop.

Box 13. Campaigns targeting students, Belgium

The federal truck

The federal truck concept was developed by the federal government. Fully equipped with modern technology, it provides: an auditorium with seating for 24 people; an interactive game with motion recognition for playful learning; tablets, and a photo box, so that visitors can take home a nice souvenir of the visit.

The federal truck traverses Belgium, stopping at schools, businesses, public squares, and festivals. It goes to citizens to communicate with them, inform and raise awareness. In the process, it also encourages reflection and exchange and ensures a better understanding of federal issues.

Specific e-initiative of an awareness campaign for students: "Fair Work, Fair Play – Earn, declare, benefit"

► National **awareness campaign** in relation with the broader EU-level #EU4FairWork campaign.

► **Target group:** pupils from the third stage of vocational and technical secondary education.

► **Reason for the campaign**: pupils are generally confronted with the world of work during their studies. Although undeclared work may seem tempting, it jeopardizes many rights and protection mechanisms.

► **Goal:** to inform students in a fun way (via an interactive video game, a film and a photo booth) about

  ▷ The importance of a correct employment contract

  ▷ Their rights and the different protection mechanisms

  ▷ Contacts in case of difficulties

   ▷ Content: Social security, paid holidays, working time, protection against unfair dismissal

▶ Campaigns developed on demand of the Social Information and Investigation Service (SIIS) by the Federal Public Service of Employment, Labour & Social dialogue

▶ In collaboration with:

- Labour Inspectorate

- The National Social Security Office (NSSO)

- The National Institute for Sickness and Invalidity Insurance (NIHDI)

- Social Security Self- Employed Entrepreneurs

- Regional employment services

▶ **Content**

   ▷ Explanation of definition and characteristics of declared employment (employee and the self-employed),

   ▷ Presentation of the Belgian federal inspection services and their competences,

   ▷ Presentation of the regional employment services,

   ▷ Presentation of contact points in case of problems (trade unions, fair competition hotline, unique contacts at the social inspection services, etc.),

   ▷ Presentation of specific app 'student at work'.

▶ **Advantages:**

   ▷ Approachable

   ▷ At school

   ▷ Explanations by experts

   ▷ Playful explanations adapted to the target group

▶ **Challenges**

   ▷ Capacity at the inspectorates

   ▷ Cooperation of the schools

   ▷ Sufficient budget

   ▷ Explain complex legislation in a simple and clear way.

Awareness campaign for students: witnesses ([video](#)).

There are several **challenges** faced while implementing educational and awareness raising e-tools. These are related to adopting appropriate methods for ensuring and measuring their effectiveness, applying custom-made communications towards workers and employees, tailoring key messages, keeping up with the trends and requirements of social media outreach, lack of a structured communication plan or lack of supporters, the high cost of tools, etc.

Among the key **success factors** are:

- Selecting the appropriate way of communication depending on the target group.

- Provide statistics on the benefits of declared work.

- Cooperation and exchange of best practices (tools to raise awareness, methods for communication, implementation and evaluation).

- Following the news and latest trends, including the social media algorithms for better targeted information dissemination.

- Using customer segmentation approaches to identify the worker and employer characteristics most associated with the risk of undeclared work, as well as randomized control trial (RCT) standard evaluation of different nudge messaging/bulk mails techniques.

- Involvement of influential people (TV and music stars).

When implementing multi-national information campaigns, it is crucial to consider country-specific needs. Examples from a particular country might not be directly applicable to another one. To maximise effectiveness, awareness raising campaigns should be tailored to the local cultural and social norms.

Until now, evaluations of the impacts of these educational and awareness raising e-services have been rare. Usually, only the level of interaction (e.g., likes, impressions) with these e-services are measured. Seldom is there any evaluation of whether these education and awareness raising e-tools have led to changes in attitudes and/or behaviour among the target groups. For example, there are seldom pre- and post-campaign evaluations of the changes in attitudes and behaviour, such as by analysing a control group and the group exposed to the e-tools, sampled in a manner that isolates exposure to the education and awareness raising e-tool as the main difference between them so that its impacts can be measured. The workshop heard how one major reason for this is that, at the design stage, resources are seldom requested for, and allocated to, evaluating their impacts. A tip for the way forward is therefore to build into such educational and awareness raising e-initiatives at the design stage resources for their evaluation. However, there is a need to recognise, especially when younger people are targeted, that it may be many years before greater compliance is realised, making it especially difficult to evaluate the impacts on behaviour. Moreover, until now, most of the emphasis in social marketing e-initiatives has been placed on improving vertical trust (i.e., trust of citizens, workers, and businesses in government). Much less emphasis has been put on using e-marketing to enhance horizontal trust (i.e., trust of citizens, workers, and businesses in others belonging to their group) by improving perceptions that their peers are acting in a compliant manner, and little consideration given to how this can be achieved.

4.2   E-services to modernise enforcement authorities and other public authorities

Although there is increasing expenditure by enforcement and other public authorities on e-marketing to educate, raise awareness and change behaviour, it is arguable that where there is a lack of trust in government or peers, social norms and behaviour are unlikely to change simply through e-marketing.

To better align social norms and behaviour with the laws and regulations, therefore, there is a need to modernise enforcement and other public authorities and improve trust in peers.

This requires the development of e-services in enforcement and other public authorities that improve:

- **Procedural justice**, by which is meant public authorities and officials treating citizens, workers, employers, and businesses in an impartial, respectful, and responsible way.

► **Procedural fairness**, by which is here meant citizens, workers, employers, and businesses believing that they pay a fair share relative to others. This includes e-services firstly that educate citizens, workers, employers, and businesses about what their taxes and social contributions are spent on and secondly, the relative contributions of others. Examples are e-initiatives to display the low level of non-compliance and that most workers, employers and businesses are not evading the payment of taxes and social contributions.

► **Redistributive justice**, by which is here meant citizens, workers, employers, and businesses believing that they receive the public goods and services that they deserve given the tax and social contributions that they make. services.

► Each is here discussed in turn.

4.2.1   Procedural justice

Human-centric and accessible e-services are a key tool for enabling public authorities and their officials to treat citizens, workers, employers, and businesses in an impartial, respectful, and responsible way. In enforcement authorities, e-services are a key tool for achieving procedural justice because they enable the development of friendly customer-oriented services and shift the organisational culture away from a 'cops and robbers' mentality.

For national governments, implementing accessible and human-centric services in enforcement authorities is central and essential if undeclared work is to be prevented. Dividing public authorities into 'input' authorities (i.e., the legislative and executive branches of government that produce policies) and 'output' state authorities (i.e., delivering public goods and services), Koumpias et al., (2020) find across 92 countries that trust in output authorities (e.g., tax administrations, labour inspectorates) has a significantly larger impact on compliance than improving trust in input authorities. Therefore, enforcement authorities treating customers more as partners and being customer-friendly by providing human-centric and accessible e-services is important for building trust in government and promoting voluntary compliance (e.g., Granger and Sawyer, 2023; Kim, 2023; Kogler et al., 2016; Sarker and Ahmed, 2023).

This pursuit of procedural justice is exemplified in Italia Digitale 2026 which displays the clear intent to adopt an accessible human-centric approach towards Italian digital public services (European Commission, 2022h), as does the I-Strategy for 2021-2025 in the Netherlands (European Commission, 2022k), the 2021 National Concept of Informatization of the Public Administration for years 2021-2026' in Slovakia (European Commission, 2022l), the Plan for the Digitalisation of Spain's Public Administration 2021-2025 in Spain (European Commission, 2022m), the Swedish digitalisation strategy (European Commission, 2022a), and many other national plans for digitalising public services. In Ireland, this pursuit of procedural justice by public services is exemplified by the 2022 Connecting Government 2030: A Digital and ICT Strategy for Ireland's Public Service. This strategy has at its heart a 'user first' and 'business first' approach (European Commission, 2022g).

Box 14 provides an example presented at the workshop of how the Workplace Relations Commission in Ireland has sought to implement this approach.

Box 14. Workplace Relations Commission animations to assist users of WRC services, Ireland

The Workplace Relations Commission (WRC) have recently published the first set in a series of short animations to assist users of WRC services and to promote more harmonious workplace relations generally.

Background to use Animations/Videos

► State authorities have an obligation under Public Service ICT Strategy to provide innovative and user-friendly solutions and platforms for people interacting with the WRC.

- A core function of the WRC is to provide information/advisory services on employment rights and compliance with employment legislation.
- A suite of short animated informational videos to assist users of WRC services was scripted and developed across 2022.

The Animations/videos

The outcome has been the production of user-friendly animations/videos available in multiple languages on WRC website. The topics covered in the animations include:

- WRC Advisory Service explained
- How to Make a Complaint to the WRC
- What to Expect at an Adjudication Hearing
- Dignity in the Workplace
- Pre-Adjudication Mediation Explained

The animations, in Irish, English, Polish, Romanian, Russian Spanish and Ukrainian, are available at: https://www.workplacerelations.ie/en/what-we-do/wrc-videos/english/

The animations are the first of a suite of animations which form part of the WRC outreach programme which aims to raise awareness of WRC services.

Advantages of Animations/Videos

- Provides user-friendly access to information for workers/employers on employment rights and equality legislation in Ireland
- Increases the overall awareness of employer obligations and worker entitlements under employment legislation – helps to achieve higher levels of compliance
- Access to animations/videos in multiple languages provides an important and accessible source of information to migrant, non-Irish national and vulnerable workers
- Allows the WRC to comply with obligations under Public Service ICT Strategy to provide innovative and user-friendly solutions and platforms for people interacting with the WRC

How the animations/videos facilitate declared work

- Promotes increased awareness among workers and employers of rights and entitlements under employment law (i.e. holidays, pay, working time rules, protection against accidents and unfair dismissal etc.).
- Creates awareness of sanctions and penalties among employers for breaches of employment law/undeclared work.
- Helps to achieve overall compliance with employment law and therefore reduces levels of undeclared work in the economy.
- Workers can refer complaints about undeclared work to the WRC – relevant information can be exchanged with other State authorities such as Revenue and D/Social Protection.

WRC Animations pageviews from April to mid-June 2023 were 5 453 in total, of which 2 859 were for the English version, 1 916 for the Polish version, 229 for the Irish version, 136 for the Spanish version, 124 for the Ukrainian, 104 for the Romanian and 85 for the Russian one.

Main take-aways and lessons learnt

▶ Keep the message simple and straight to the point

▶ Animation easily explains complex issues and makes a more lasting and memorable impression

▶ Animation is cost effective to produce and an excellent way to communicate your message

▶ Animations/videos in multiple languages provides an important and accessible source of information to migrant, non-Irish national and vulnerable workers (i.e. those who are more susceptible to undeclared work).

▶ Ireland also explained the cost-effectiveness of animations (EUR 1 000 per video).

Moreover, the use by enforcement authorities of **e-consultation portals** that enable citizens and businesses to directly comment on law proposals, regulations, or other strategic documents is important in improving perceptions of procedural justice. Examples of such e-consultation portals include:

▶ *e-Savjetovanja* in Croatia (European Commission, 2022b), and

▶ the e-citizen service in Lithuania which involves the public in decision-making by making it easier to contact government agencies electronically, and to monitor the progress of petitions, applications or public consultations, and the e-seimas service, which enables the public to participate in the legislative process by registering public legislative initiatives, and registering comments and proposals on legislative acts (European Commission, 2022j).

E-services can be also developed for **dispute resolution**. This encompasses e-service offerings related to appeal and objection processes and the associated actions taken by enforcement authorities. As assessment and verification steps become increasingly digitalised, it is logical that dispute resolution follows suit. E-services in this regard can include:

▶ Web portals used to lodge objections, request rulings, communicate with auditors/inspectors, and view the status of a case;

▶ Online forms that simplify the dispute process for both the stakeholder and the authority, and are a convenient, time-efficient, and secure way to launch a dispute, and ensure information contained in the form is legible through the elimination of handwriting, and

▶ Digital communication between the authority, courts, and other public agencies which is essential to effective dispute resolution. Information shared can include the initial submission of an objection; requests for files and records; invitations to meetings and hearings; internal information related to decisions; communications with the stakeholder; and data on the activities of the agency for auditing and accountability purposes. Digital technologies accelerate the sharing of this information and ensure its completeness and integrity (OECD, 2022).

4.2.2   Procedural fairness

Procedural fairness, to repeat, refers to citizens, workers, employers, and businesses believing that they pay a fair share relative to others. This involves firstly, educating citizens, workers, employers, and businesses about what their taxes and social contributions are spent on and secondly, the relative contributions of others.

On the first issue of educating customers about what taxes and social contributions are spent on, e-services here might include e-marketing to show how their taxes and social contributions are spent (with examples of such e-

services already given in section 4.5). For example, it is relatively simple to use information technology to automatically construct and deliver an email specifically tailored for each individual customer on the precise amounts of their individual taxes and social contributions that are spent on each specific public good and service (e.g., health services, education, defence, policing). This is used in the UK. Another initiative to educate customers about how their taxes are spent, already mentioned, is the 'Thank you for paying taxes' ETCB website in Estonia, and the accompanying webpage, 'how the state uses the received tax funds', targeted mainly at employees, where they are thanked for paying their taxes and informed how this tax income has paid for hospitals, schools, roads and pensions, thus joining-up for taxpayers the payment of taxes and their receipt of public goods and services..

On the second issue of educating and raising awareness of the relative contributions of others (not least to promote horizontal trust), there are fewer examples, perhaps due to it only being recently recognised that promoting horizontal trust in peers, and that one pays one's fair share, is an important determinant of participation in undeclared work. Examples of policy initiatives to achieve greater horizontal trust could include displaying the low level of non-compliance and that most workers, employers, and businesses are not evading the payment of taxes and social contributions. Contrariwise, and as the workshop heard, publicising high levels of participation in undeclared work will reduce perceptions of procedural fairness, and thus voluntary compliance.

4.2.3   Redistributive justice

Redistributive justice refers to citizens, workers, employers, and businesses believing that they receive the public goods and services that they deserve given the tax and social contributions that they make. This involves providing public goods significantly correlated with lower participation in undeclared work. Such public goods include: increased healthcare expenditure (Krasniqi and Williams, 2017); greater social expenditure as a percentage of GDP (Krasniqi and Williams, 2017; Mara, 2021; Williams and Horodnic AV, 2019); expenditure on active labour market policy interventions targeting vulnerable groups (Williams and Horodnic, 2016, 2017) and generally increasing the expenditure of government (Luong et al., 2020; Williams and Horodnic AV, 2019).

It also requires e-marketing to join-up the dots for citizens between their tax and social contribution payments and the provision of these public goods and services, akin to procedural fairness (see above). A further example to those already discussed of an e-service that achieves this is found in the French Ministry for Economy and Finance, and its Public Action and Accounts unit, which has dedicated a section on their website (www.economie.gouv.fr) that explains the benefits and use made of taxpayer money: *À quoi servent mes impôts?* (What are my taxes for?).

In Belgium, moreover, behavioural economics academics have worked in collaboration with the Belgian Federal Public Service Finance (FPSF) to test different messages among a target group of personal income taxpayers about the public goods received for their taxes paid. The target audience were taxpayers who had missed the filing or payment deadline and acted as a reminder to file their taxes. Some of the letters contained public-goods messages concerning the services provided in return for taxes. This collaboration included a series of five experiments, run between 2014 and 2016, whose main finding was that simplifying the reminder messages sent to taxpayers increases tax compliance (De Neve et al., 2021). Simplification implies, in this instance, shorter letters with less information provided and with the action-relevant information for the taxpayer highlighted. The returns from these simplified reminder letters were estimated at EUR 3.84 million, about 50 times more than the EUR 80 000 cost of producing and sending the letters (De Neve et al., 2021). Apart from increasing compliance and timely payment, FPSF's objective was to raise awareness regarding how tax money is spent and to close the perceived gap between tax payments and the resulting services. This is why the public-goods letters contained graphs showing the distribution of tax expenditures. Although no direct effect on tax compliance was noted in the short term, raising awareness through public-goods messages is good for tax morale and could have

positive effects in the long run. There is no reason in the present-day why these letters sent nearly ten years ago could not today be replaced by individualised e-notifications sent via government e-portals to taxpayers, although the greater or lesser effectiveness compared with hard copy letters would need to be evaluated in a pilot study.

In sum, e-services have a central role to play in facilitating improvements in procedural and redistributive justice and fairness in national enforcement authorities and public authorities more widely. Many participants recognised that the outcome will be to prevent undeclared work and to make declared work easier, more beneficial, and acceptable.

5.0 Key learning outcomes and practical suggestions

5.1 Key learning outcomes

The key learning outcomes of the thematic review workshop are that:

- ▶ **Comprehensive packages containing an array of e-services** are more effective than single e-initiatives. In the workshop, therefore, a wide range of e-services making it easier, beneficial, and acceptable to operate declared were reviewed and evaluated. Comprehensive policy programmes introducing a package of these e-services concurrently are likely to be most effective at facilitating declared work.

- ▶ This comprehensive package could include:

  - ▷ A range of **e-services to enable businesses and workers to operate in the declared economy more easily and beneficially**. These include using e-registration of businesses and e-registration of employment to make declared work easier; developing e-portals to simplify and make easier tax and social contribution payments (e.g., pre-filled and/or automatic tax and social contribution returns; online tax and social contribution calculators, online tax behaviour rating tools); online help with keeping records, and online compliance lists.

  - ▷ A range of **e-services to encourage purchasing from the declared economy**. These include: discouraging cash payments using mandatory ceiling on cash transactions, encouraging employers to pay wages electronically, reducing free access to cash, and imposing penalties for the use of cash; incentivising the use of e-payments using point-of-sale terminals, encouraging the issue of e-receipts, public authorities fully adopting e-payments and ceasing cash payments, and providing incentives for consumers and/or business to use e-payment; providing e-services to incentivise purchasers to request receipts; and the use of social labelling e-services.

  - ▷ A range of **e-services to change social norms about engaging in the declared economy** and not participating in undeclared work. These include:

    - ■ E-services to change social norms using education and awareness raising e-tools
    - ■ E-services to modernise enforcement authorities, including e-tools adopted to improve:
      - ☐ procedural justice.
      - ☐ procedural fairness.
      - ☐ redistributive justice.

- ▶ Many common challenges confront enforcement authorities when seeking to achieve the 2030 Digital Compass goal of providing **accessible and human-centric** digital public services and administration and

by 2030, **100% online provision of key public services for European citizens and businesses**. When designing, developing, adopting, launching, and implementing or operating digital public e-services, a key underlying challenge in many enforcement authorities, and the major challenge that underpins many of the issues discussed during the workshop, relates to the 'culture' of enforcement authorities. Many inspectors continue to view their role as deterring undeclared work based on detecting and punishing non-compliance. A more preventative approach focused upon facilitating declared work requires a fuller embedding of a 'culture change' within inspectorates among inspectors. Once this key challenge is achieved, then designing, developing, adopting, launching, implementing or operating accessible and human-centric digital public services and administration within enforcement authorities will be more achievable. At present, the desire is for most resources to be devoted to inspections/audits. This means that growing the share of total resources available for developing accessible and human-centric digital public services is difficult.

▶ A tip to overcome this is that there needs to be a combination of a top-down and bottom-up approach. A top-down approach needs to be used to allocate greater resource to developing accessible and human-centric digital public services and a concurrent bottom-up approach is required to elicit 'culture change' within enforcement authorities, not least by displaying the practical benefits to staff of pursuing such an approach.

▶ Once this major challenge is fully addressed, then many of the other detailed challenges mentioned can be overcome. These include for example, encouraging the use of e-portals, with key tips offered being that marketing material is required explaining why they should use them (e.g., reducing the burden on them and providing quicker access to information) and how to use them, incentives offered to use them rather than non-electronic means, a cross-government review of the multiplicity of thresholds that exist for qualifying for different types of registration (e.g., VAT) so as to simplify the 'patchwork quilt' of thresholds that have in many cases incrementally developed over many decades, and simplifying e-procedures for registration for specific groups (e.g., micro-enterprises).

5.2   Practical suggestions

Practical suggestions arising from this workshop are that:

▶ If workshop participants are interested in learning more about any specific e-service for facilitating declared work discussed during the workshop, such as with a view to its policy transferability to their national context, then they could apply to the European Labour Authority to engage in a staff exchange[11] or study visit to learn more.

▶ If five or so countries were to express an interest in discussing some aspect of e-services in greater depth, then a peer learning dialogue could be potentially developed to consider this issue in greater depth. This would require a demand-driven expression of interest to be made to ELA by participants in the workshop.

▶ Those enforcement authorities interested in developing their e-services in a more holistic and comprehensive manner could apply for a Mutual Assistance Project (MAP)[12] to bring peers to their country from countries with more established digital public services and knowledge and experience of implementing such e-services, to share learning and provide helpful advice on developing e-services in the host country.

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[11] See the call for applications for staff exchanges 2023 launched by ELA via email on 04.04.2023.
[12] See the call for Mutual Assistance Projects (MAPs) launched by ELA via email on 09.02.2023.

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