



Factsheet on undeclared work – BELGIUM

March 2023

¹ This is an update of the [2017 factsheet](#)



The authors would like to thank all of the stakeholders consulted for their input into the factsheet.

Manuscript completed in March 2023.

LEGAL NOTICE

© European Labour Authority, 2023

Reproduction is authorised provided the source is acknowledged.

For any use or reproduction of photos or other material that is not under the copyright of the European Labour Authority, permission must be sought directly from the copyright holders.

Neither the European Labour Authority nor any person acting on behalf of the European Labour Authority is responsible for the use which might be made of the following information.

The task has been financed by the European Labour Authority. The document has been prepared for the European Labour Authority however, it reflects the views of the authors only. The information contained in this paper does not reflect the views or the official position of the European Labour Authority or the European Platform tackling undeclared work.



Contents

1.0 Nature and estimated scale of undeclared work	1
1.1 Legal definition.....	1
1.2 Estimates of undeclared work	2
2.0 Institutional framework	8
2.1 Responsibilities and characteristics of organisations involved in tackling undeclared work.....	8
2.2 Cooperation and collaboration between authorities and cross-border authorities.....	12
2.2.1 The legal basis	12
2.2.2 Cooperation between authorities in Belgium	12
2.2.3 Cooperation with other Member States	13
3.0 Policy focus and measures	15
3.1 Policy approach	15
3.2 Main policy measures	16
3.3 Good practices.....	16
3.4 Challenges and barriers	17
Annex 1: Approaches used to tackle undeclared work.....	19
Annex 2: Dashboard: overview of key indicators relevant to undeclared work	22



1.0 Nature and estimated scale of undeclared work

1.1 Legal definition

Belgian legislation does not provide a precise definition of undeclared work. However, a general definition of undeclared work can be derived from the definition of illegal work and social fraud found in the Belgian Social Criminal Code. The latter defines illegal work and social fraud as 'every breach of the social legislation under the competence of federal authorities². An operational description (enumeration of examples) may be derived from the concepts used by the social and fiscal inspection services. For example, 'undeclared work' is regarded in (SIIS)³ control statistics as breaches of the DIMONA declaration⁴, the employment of foreign workers for whom no valid residence and/or work permit has been issued⁵; foreign self-employed persons who do not have the compulsory professional card⁶, the non-payment of social security amounts⁷, paid work combined with the (undue) receipt of unemployment benefits⁸ and finally the failure to report incoming posted workers in LIMOSA⁹.

In order to develop a sectoral policy, the Federal Public Service Employment, Labour and Social Dialogue¹⁰ has established partnership agreements with social partners in specific sectors. These sectors are: the meat sector¹¹ the construction sector¹², the taxi sector¹³, the transport sector¹⁴, the HORECA sector¹⁵, the security sector¹⁶, the

² [Social Criminal Code, Article 1, § 1.](#)

³ The Social Information and Investigation Service (SIIS) is a strategic body that, based on the knowledge and insights of the inspection services involved, and with scientific support, develops a vision on combating social fraud and converts it into concrete strategies (Art. 3 Social Criminal Code, see also the mission and composition of the SIIS there).

⁴ DIMONA (Déclaration Immédiate/Onmiddellijke Aangifte) is the electronic message with which the employer notifies the National Social Security Office of every entry and exit of an employee.; Social Criminal Code, Article 181.

⁵ Social Criminal Code, Article 175/1.

⁶ [Decree on the exercise of self-employed professional activities by foreign nationals](#)

⁷ Social Criminal Code, Article 218-220.

⁸ Social Criminal Code, Article 229.

⁹ The Limosa declaration is a mandatory registration for workers who do not fall under the scope of Belgian Social Security. It is the responsibility of the employer of these employees to apply for the Limosa declaration.; Social Criminal Code, Article 182.

¹⁰ See [Themes - Federal Public Service Employment, Labour and Social Dialogue \(belgium.be\)](#), Contact: info@employment.belgium.be, accessed 7 December 2022.

¹¹ See

https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Samenwerkingsovereenkomsten/sa_vlees_17042012_nl.pdf, accessed 7 December 2022.

¹² See

https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Samenwerkingsovereenkomsten/sa_bouw_22062012_nl.pdf, accessed 7 December 2022.

¹³ See

https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Samenwerkingsovereenkomsten/sa_taxis_20012016_nl.pdf, accessed 7 December 2022.

¹⁴ See

https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Samenwerkingsovereenkomsten/sa_transport_03022_016_nl.pdf, accessed 7 December 2022.

¹⁵ https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Charters/charter_horeca_01052016_nl.pdf, accessed 7 December 2022.

See

¹⁶ https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Samenwerkingsovereenkomsten/sa_bewaking_270_92016_nl.pdf, accessed 7 December 2022.



moving sector¹⁷, the green sector¹⁸, the garage and coachwork sector and the metal and technology sector. Finally, a general partnership agreement has been concluded with employers¹⁹. These partnership agreements allow social partners to negotiate the implementation of specific measures at the four different steps in the fight against undeclared work (prevention, detection, control and sanction).

In addition, plans for fair competition have been established between the social partners and the competent administrations (including the political level) to tackle social fraud and to enhance fair competition in specific sectors. These sectors are: the construction sector²⁰, the transport sector²¹, the electronic sector²², the cleaning sector²³, the green sector²⁴, the metal and technology sector²⁵, the funeral sector²⁶ and the carwash sector²⁷. These plans contain specific measures to tackle undeclared work in these sectors and to enhance fair competition.

1.2 Estimates of undeclared work

Estimates of undeclared work in this section are based on two available sources providing cross-country comparable data: Eurobarometer surveys and the Labour Input Method (LIM) study. Caution is required because of various limitations of the applied methodologies²⁸.

Examining the extent of undeclared work based on Labour Input Method (LIM) estimates,²⁹ in 2019, 10.8 % of total labour input in the private sector in Belgium was undeclared (11.9 % in 2013). Therefore, between 2013 and 2019, there has been a decline in undeclared work. This displays the progress in tackling undeclared work.

¹⁷See

https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Samenwerkingsovereenkomsten/sa_verhuis_28092016_nl.pdf, accessed 7 December 2022.

¹⁸See

https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Samenwerkingsovereenkomsten/sa_groene_sector_n_23062017_nl.pdf, accessed 7 December 2022.

¹⁹ See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/Charters/charter_met_ondernemingen_nl.pdf, accessed 7 December 2022.

²⁰ See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_bouw_08072015_nl.pdf, accessed 28 August 2023.

²¹ See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_transport_03022016_nl.pdf, accessed 28 August 2023.

²² See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_elektrotechnische_sector_07092016_nl.pdf, accessed 28 August 2023.

²³ See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_schoonmaak_29112016_nl.pdf, accessed 28 August 2023.

²⁴ See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_groene_sector_n_17022017_nl.pdf, accessed 28 August 2023.

²⁵ https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_metaal_21062017_nl.pdf, accessed 28 August 2023.

²⁶ See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_begrafenissector_05072017_nl.pdf, accessed 28 August 2023.

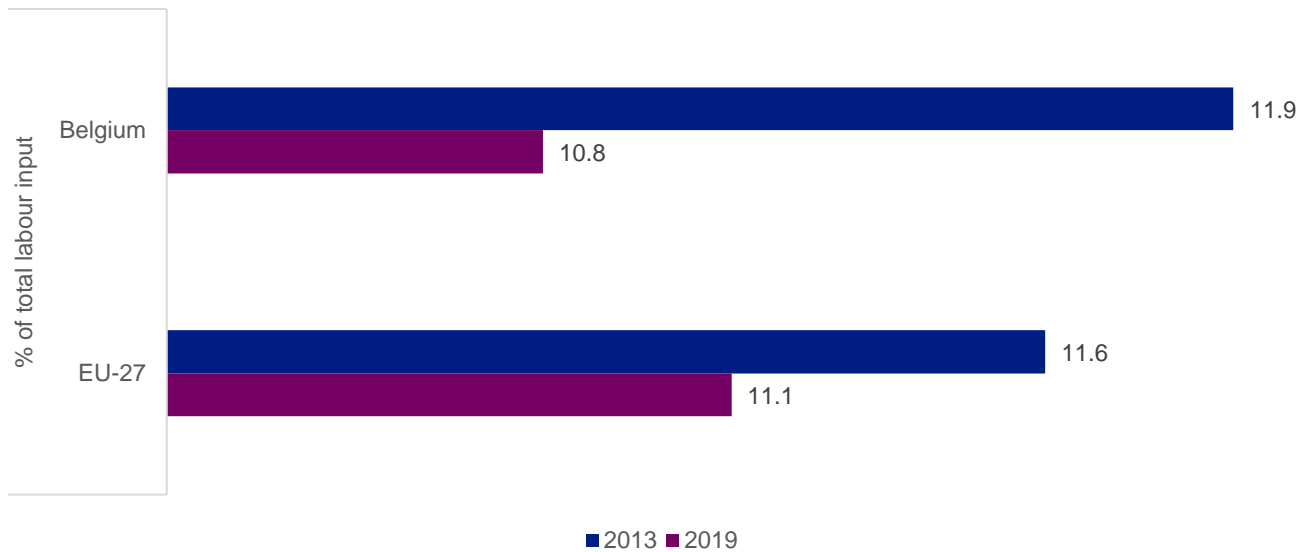
²⁷ See https://www.siod.belgie.be/sites/default/files/Downloads/Protocollen/NL/PEC/pec_carwash_04122017_nl.pdf, accessed 28 August 2023.

²⁸ Undeclared work can be measured both directly and indirectly. Indirect methods are based on the comparison of macroeconomic aggregates (such as national accounts). Direct methods, on the contrary, are based on statistical surveys and have advantages in terms of comparability and detail, but tend to under-report the extent of undeclared work. There is a consensus among both practitioners and academics that a direct approach should be used more to explore the nature of undeclared work in terms of who engages in such work, why they do so, which forms of undeclared work they undertake, and their reasons for doing so. When estimating the magnitude of undeclared work, the consensus is supportive of the use of indirect methods that search for discrepancies in comparable sets of secondary macroeconomic data (i.e. data constructed and/or collected for other purposes). The LIM study is based on the indirect method, whereas Eurobarometer surveys on the direct method.

²⁹ Williams, C.C., Bejakovic, P., Mikulic, D., Franic, J., Kedir, A. and Horodnic, I.A. (2017) An evaluation of the scale of undeclared work in the European Union and its structural determinants: estimates using the Labour Input Method, European Commission, Brussels.



Figure 1. The scale of undeclared work in the private sector in Belgium and EU-27, 2019



Source: Franic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work. Figures 3 and 6. Retrieved on 30 November 2022.

The abovementioned 2022 perception study indicates that citizens and businesses estimate that approximately 10% of the Belgians work fully undeclared and 25%-30% partially undeclared. Approximately 5% of the businesses are deemed to have at least one employee working fully undeclared and 15% of the businesses are perceived to have at least 1 employee working partially undeclared³⁰. As this perception study is a baseline measurement, it is not yet possible to compare these results to previous perceptions. However, respondents were asked about the perceived evolution of undeclared work. 58% of the surveyed citizens and 46% of the surveyed businesses and self-employed perceive an increase of citizens working undeclared in the last five years. 49% of the citizens and 37% of the businesses and self-employed think that there is an increase over the past five years in undeclared work by businesses.

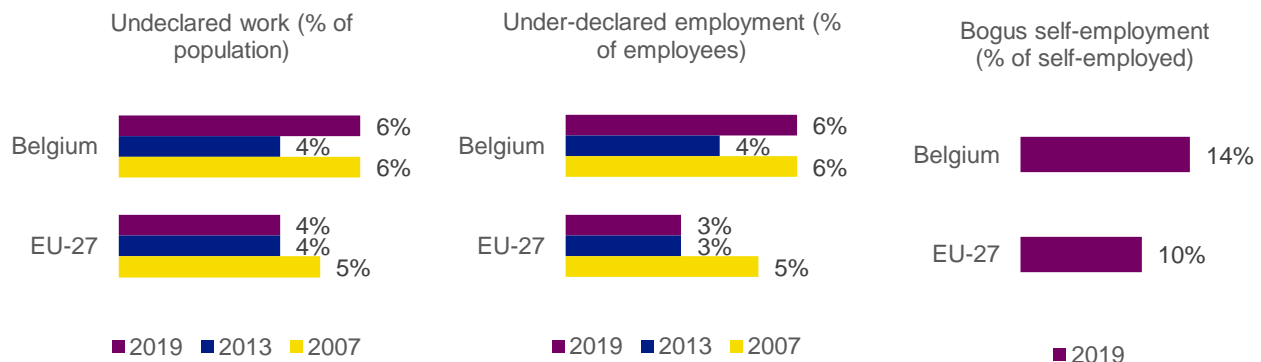
The figures below indicate the current state and development of undeclared work, under-declared and bogus self-employment between 2007 and 2019 for Belgium, based on Eurobarometer surveys. It should be noted that this is not a measure of the size of the undeclared economy. It only measures the proportion of the population who have engaged in undeclared work in the past 12 months. In some Member States, undeclared work may be more characterised by small-scale one-off acts of baby-sitting or home repairs and in others such work may be more regular wage employment relationships³¹

³⁰ Percentages reflect the median and not average scores.

³¹ Williams, C.C and Horodnic I.A. (2020). Trends in the undeclared economy and policy approaches Evidence from the 2007, 2013 and 2019 Eurobarometer surveys, European Platform tackling undeclared work. Figure 10. Retrieved on 28 September 2022.



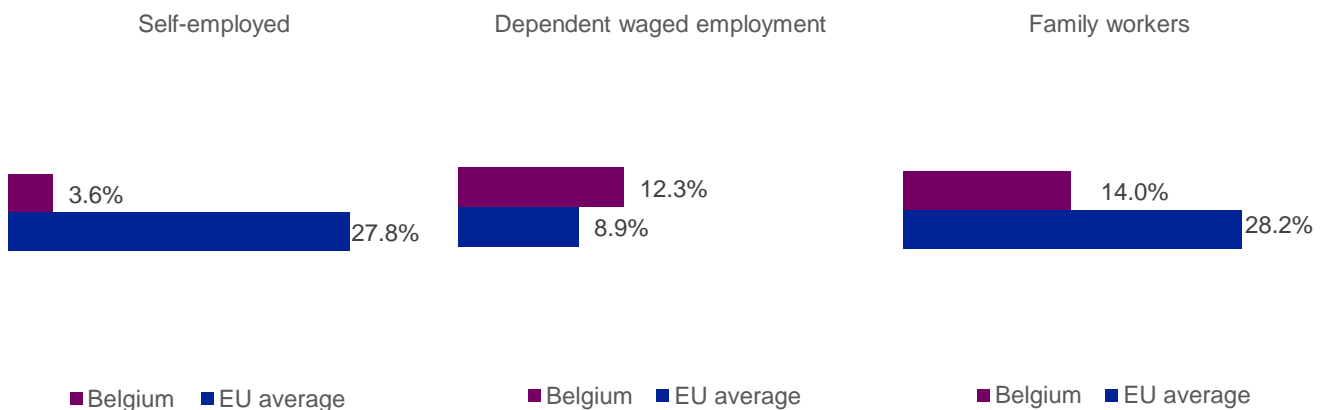
Figure 2. Composition of undeclared work, Belgium and EU-27, 2007, 2013 and 2019



Source: Williams, C.C and Horodnic I.A. (2020). [Trends in the undeclared economy and policy approaches Evidence from the 2007, 2013 and 2019 Eurobarometer surveys](#), European Platform tackling undeclared work. Figure 10. Retrieved on 28 September 2022.

There are also marked differences in the prevalence of undeclared work in different types of employment relationship. Figure 3 gives a detailed overview of the extent of undeclared work in different types of employment relationship, namely self-employment, dependent waged employment, and family work. Analysing the 2019 Labour Input Method (LIM) estimates³², in Belgium, 12.3 % of waged employment is undeclared measured as a share of total labour input, the proportion of self-employment that is undeclared is 3.6 % (measured as a share of their total labour input) and the proportion of family work that is undeclared is 14 %.³³

Figure 3. Prevalence of undeclared work in the private sector by type of employment relationship, in Belgium, EU-27 average 2019



Source: Francic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work. Table 2. Retrieved on 30 November 2022.

Analysing the structure of the undeclared labour market in Belgium in 2019 using the LIM estimates,³⁴ the proportion of undeclared labour input that is waged employment is 93.3 % (62.9 % in the EU-27), 6 % of undeclared

³² Francic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work.

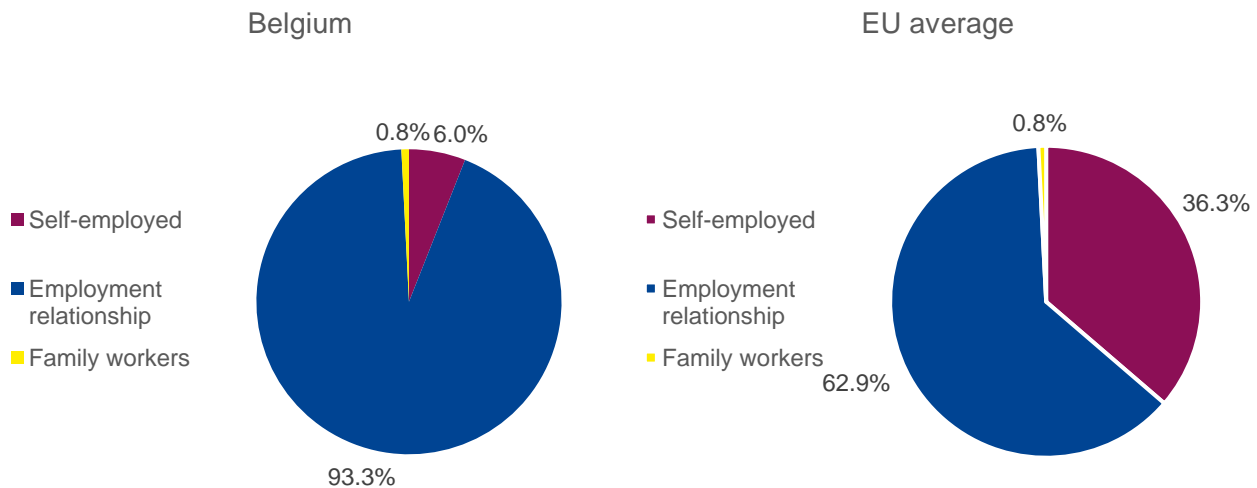
³³ This data (taken from the labour force survey), is based on a small sample, which might affect its statistical reliability.

³⁴ Francic, J., Horodnic, I.A. and Williams, C.C. (2022).



labour input is self-employment (36.3 % in the EU-27) and the proportion of undeclared labour input that is family work is 0.8 % (0.8 % in the EU-27). Therefore, compared with the EU-27, waged employment is a larger proportion of undeclared work and self-employment a smaller share.

Figure 4. Structure of the undeclared labour market in the private sector, Belgium and EU-27, 2019



Source: Franic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work. Figure 8. Retrieved on 30 November 2022.

The main types of undeclared work in Belgium are:

- ▶ Undeclared work performed by foreign workers in an irregular situation (without valid residence, without work permit or single permit);
- ▶ Undeclared work performed by Belgian workers or legal residents;
- ▶ Undeclared work performed by Belgian workers or legal residents cumulating revenue with benefits from social allowances such as integration allowance, unemployment allowance, sickness or disability allowance or social assistance;
- ▶ Partially undeclared work performed by Belgian workers or legal residents;
- ▶ Undeclared work performed by Belgian workers or legal residents with a false status (falsified secondment documents, bogus self-employment, volunteers or trainees); and
- ▶ Work of a self-employed person who does not declare all his income to the tax administration.

The **main sectors** where undeclared work is found in Belgium are the HORECA sector (Hotels, Restaurants and Catering), the cleaning sector, the construction sector, and the transport sector. But also the carwash sector, the beauty sector, the garage sector, the retail sector the meat processing sector and the movement sector are important contributors to undeclared work.

There are no recent data about undeclared work distributed by employer size. Concerning the motivators for undeclared work, the 2019 Eurobarometer survey shows that the main reason for undeclared work in Belgium is the lower price (47%) followed by services among friends, family or colleagues (25%). In addition, a 2022 Belgian



study on the perceptions of citizens, businesses and self-employed regarding undeclared work identifies three main perceived reasons for undeclared work, namely compliance costs more time, money and/or effort than non-compliance, low chance of getting caught and undeclared work being insufficiently disapproved of in society³⁵.

There is however data collected by the judicial district cells who provide the number of infractions and positive controlled cases. These figures only give an estimate of different types of undeclared work among the controlled population by the different bodies involved in the control process and since these controls are not random, no statistical inference is possible. But some figures are noteworthy: out of 14 559 controls in 2022, 4949 infractions considered as undeclared work have been registered. The construction and hospitality sectors are the sectors most frequently controlled. The construction sector accounts for almost $\frac{1}{4}$ of total controls at national level (24.1 %). The hospitality sector accounts for 19,7 %³⁶.

The annual report 2022 of the battle against social fraud, comprising the activities of the federal social inspectorate services, indicates that 39,7 % of the conducted enquiries reveal one or more infraction(s), including undeclared work. Since checks are often targeted, the ratio cannot be used to infer an overall level of undeclared work.

► Collaborative economy

In Belgium, the collaborative economy refers to a public measure allowing individuals to perform occasional 'on-location' work when performed for another natural person and hence not as their main professional occupation. It is regulated by tax law. In 2016, the government³⁷ introduced specific tax legislation with the main objective to fight undeclared work for small-scale activities that are performed occasionally in a 'non-professional' capacity for another natural person in the 'collaborative economy'.³⁸ Individuals can carry out work that is intermediated by an authorized digital platform and the income is subject to lower income taxation rates. Income from occasional work in specific sectors of the regulated collaborative economy and which is performed by people working through platforms outside of their main profession, is subject to lower taxation rates as long as the income remains under an annual threshold of EUR 6 540 (fiscal year 2022), while this income is generally not subject to VAT.

According to the Social Information and Investigation Service, 127 platforms³⁹ are currently authorised by the government to operate in the 'collaborative economy'.⁴⁰ The introduction in Belgium of the legislation obliging platforms to obtain an authorization and to report on the transactions and income that they have paid to individuals, has improved data collection on the identity, addresses and income of the individuals who have performed services through the facilitation of the registered platforms. However, since not all platforms and not all people working through platforms make use of this special income taxation system (as it is only applicable to secondary and occasional activities), the most important group of platform workers (those who perform platform work professionally and/or as their main profession) is not covered in the data collection and remains 'out of sight' for the enforcement agencies. The representative of the Belgian Social Information and Investigation Service

³⁵ Steyaert, J. et al. (2022). Studie naar de perceptie van burgers en ondernemingen over sociale fraude(bestrijding). Universiteit Hasselt & Indiville, unpublished document.

³⁶ See <https://www.sirs.belgique.be/sites/default/files/Downloads/Statistieken/2022/P%C3%A9riode%20du%201er%20janvier%20au%2031%20d%C3%A9cembre%202022%20-%20FR%20-%20Extract%2012.01.2023.pdf>, accessed 19 July 2023.

³⁷ See <https://www.dekamer.be/FLWB/PDF/54/1875/54K1875001.pdf>, accessed 16 April 2023.

³⁸ Ibid

³⁹ <https://financien.belgium.be/sites/default/files/downloads/127-deeleconomie-lijst-erkende-platformen-20220628.pdf>, accessed 9 December 2022.

⁴⁰ Some food delivery platforms have such an authorization and some of their riders make use of this system, while other platforms have not applied for the authorization. These other platforms engage their collaborators as self-employed or through interim agencies. In the year 2019, fiscal authorities report on about 18 458 individuals who made use of this system and who on average earned EUR 102 per month working through digital labour platforms. Since not all digital platforms rely on this tax benefit mechanism, the total number of digital platforms that are operational in Belgium is higher, estimated at about 150.



furthermore observes that the collected data remains within the tax administration and that they are not necessarily shared or accessible for the labour and social security inspection agencies.

Moreover, the representative of the Belgian Social Information and Investigation Service (SIIS/), reported on the challenges around providing a detailed picture on the prevalence and extent of undeclared work in the collaborative economy, as the available data are scattered between different public institutions. Based on the information available and experiences of the SIIS, the challenge is primarily centred in the hospitality and hotels, restaurants and catering (HORECA) sector, the personal transportation and food/parcel delivery sectors, financial services and services rendered at private homes such as gardening and small-scale repair works. The main forms of undeclared work are related to the absence of social security declarations, provision of services while receiving unemployment benefit or during periods of sickness, and bogus self-employment.⁴¹

The Federal Inspectorates in Belgium have developed a common methodology for investigating cases of undeclared work in the collaborative economy. The social inspectors verify the professional status of the provider and the recipient acting within the framework and the conditions of the authorised platform. In Belgium, individual service providers are not allowed to offer via collaborative platforms the same services they are performing in their professional activity (i.e., a professional plumber cannot offer plumbing services via an authorised platform). This condition was introduced to avoid unfair competition between the collaborative economy and the traditional one. The Social Inspectorate also verifies the nature of the platforms to determine if they are so-called mixed platforms, where both professional and non-professional providers can offer their services. Based on the findings, the inspectors then determine if the employment relationship between the platforms and the workers is in accordance with national regulations.

There have been heavy discussions about the status of platform workers and whether they should be qualified as self-employed or employees. The 2022 law on the employment deal tries to put an end to the confusion. This law has created a framework for determining the status of a platform worker⁴² and is in line with the proposed EU Directive on platform work⁴³; The employment relationship between a platform and its employees can be determined on the basis of criteria.

It concerns the following eight criteria:

- ▶ The platform can decide that platform workers are not allowed to work for other services
- ▶ The platform can use geolocation for purposes other than the proper functioning of the basic services
- ▶ The platform can restrict the platform worker's freedom in performing the work
- ▶ The platform may limit the platform worker's earnings.
- ▶ The platform can set requirements about appearance and behaviour during work
- ▶ The platform can assign a task and/or determine the amount offered on the basis of information collected by electronic means
- ▶ The platform can restrict the freedom of work organization through sanctions, among other things

⁴¹ See https://www.ela.europa.eu/sites/default/files/2021-12/Learning-resource-paper_TRW_collaborative_economy.2021_EN.pdf, accessed 9 December 2022.

⁴² Wet 3 oktober 2022 houdende diverse arbeidsbepalingen, *BS 10 november 2022*, https://www.ejustice.just.fgov.be/cgi/article_body.pl?language=nl&pub_date=2022-11-10&caller=summary&numac=2022206360.

⁴³ See <https://ec.europa.eu/social/BlobServlet?docId=24992&langId=en>, accessed 9 December 2022.



- ▶ The platform can restrict the ability of the platform worker to build a customer base outside the platform or to perform work for a third party

When three of the eight criteria are met, or two of the last five, the platform worker is presumed to be an employee. This presumption can be refuted by the platform operator with all legal remedies, including the general criteria from the Employment Relations Act. It is therefore not an irrebuttable presumption. The rules on the framework for the employment relationship in the platform economy came into force on 1 January 2023. Given the relatively short period, it is difficult to comment on a possible impact of the new rules yet.

Belgium also has an administrative system in place allowing platform workers to file a formal request for clarification on their employment status. The Administrative Commission on Labour Relations is established within the federal services for social security and issues administrative rulings on the employment status. These rulings are binding for the public administration but not for the courts, that ultimately decide. Several platform workers in the food delivery and personal transportation sectors have initiated proceedings before the Administrative Commission on Labour Relations in the past years which have resulted in decisions on their (re-) classification as employees.

2.0 Institutional framework

2.1 Responsibilities and characteristics of organisations involved in tackling undeclared work

Table 1. Overview of key institutional features in Belgium for addressing undeclared work

Key institutional feature	Existence
A high-level coordinating body in the country	Yes
A national strategy for tackling undeclared work	Yes
Common cross-government strategic objectives and KPIs/targets for tackling undeclared work	Yes

Sources: Williams, C.C. and Horodnic, I.A. (2022). [Progress of national authorities towards a holistic approach, Study using a common assessment framework May 2022](#). European Platform tackling undeclared work.⁴⁴ + Platform members; Retrieved from <https://siod.belgie.be/nl> on 9 December 2022.

At **federal level**, there are **two coordinating bodies: the Board for the fight against fiscal and social fraud and the Social Intelligence and Investigation Service (SIIS)**⁴⁵.

⁴⁴ A questionnaire survey that was sent to the 32 labour, tax and social security authorities participating in the European Platform tackling undeclared work (hereafter “the Platform”) in the 27 European Union member states plus Norway and Iceland (i.e., 28 labour authorities, 3 tax authorities and 1 social security authority), Replies received between December 2021 and February 2022.

⁴⁵ See [Sociale inlichtingen en opsporingsdienst \(SIOD\)/ Service d’information et de recherche sociale \(SIRS\)](#), contact : Info@siod.belgie.be, accessed 9 December 2022.



- ▶ The **'Board for the fight against fiscal and social fraud'** has been reformed by the Royal Decree of 9 November 2020. The new 'Board for the fight against fiscal and social fraud' is set up by the Minister of Finance and charged with coordinating fraud prevention.

The Board consists of representatives from the administrations⁴⁶, directorates and institutions involved with combating fraud, certain general prosecutors and the federal prosecutor. A deputy is appointed for each of these persons. The Minister of Finance, responsible for coordinating fraud prevention, or his representative, presides over the Board. The Board may invite experts or any senior official from a public service if it deems this useful in the context of its mission. At the level of the Board, a common tax and social policy to combat fraud will be developed. The necessary political decisions are then taken at the level of the Ministerial Committee.

The decision-making structures created in this way ensure that a coordinated anti-fraud policy can be developed both at the level of the Government and at the level of the administrations, directorates and institutions concerned.

The tasks of the Board are: i.) To develop the draft long-term action plan (in which KPIs and targets are formulated); and ii.) To ensure a coordinated implementation of the action plan approved by the Ministerial Committee for the fight against fiscal and social fraud.

- ▶ **Social Information and Investigation Service (SIIS/SIOD/SIRS)** is the second coordinating body at federal level which was established by law on 27 December 2006 and consolidated in the Social Criminal Code in 2010. Contrary to what its name might lead one to believe, the SIIS does not, in itself, carry out any checks in the field. On 10 November 2016, the Council of Ministers decided on the reform of the social inspection services and the strengthening of the SIIS. The structures were again thoroughly modified by the law of 21 December 2018. It is a strategic and coordinating body that, based on the knowledge and insights of the services involved and scientific support, develops a vision on combating social fraud and translates this into concrete strategies. The SIIS supports federal social inspection services to address undeclared work and can be considered as 'a single point of contact'. In this way, the service also contributes to the strategic plan and the (bi)-annual action plans to combat social fraud and to the functioning of the Board for the fight against fiscal and social fraud. In addition, the Social Intelligence and Investigation Service also coordinates policy support within the framework of the abovementioned strategic plan and the (bi)-annual action plans.

In addition, there is **The Point of Contact for Fair Competition** of the Social Intelligence and Investigation Service (SIIS).⁴⁷ It serves as a central point where citizens, companies or organizations can file a report if they suspect that a citizen or a company is committing social fraud. These facts will be passed on to the competent services in order to ascertain whether the legislation, which they are responsible for monitoring, has been infringed.

In Belgium, the fight against illegal work and social fraud falls, among others, under the competence of the **federal social inspection services**:

- ▶ **The National Social Security Office (NSSO)**⁴⁸ acts to ensure correct reporting of remuneration of employees to social security. This service is organised territorially into 10 'regions'.

⁴⁶ (General administration of Tax collection and Recovery (AAll), Special Tax inspectorate (BBI), Customs and Excise Administration, General Administration of Taxes (AAF), Anti-Fraud Coordination Service (CAF), Financial Intelligence Processing unit (CFI).

⁴⁷ See <https://www.meldpuntsozialefraude.belgie.be/en/>, accessed 8 December 2022.

⁴⁸ See [Rijksdienst voor Sociale Zekerheid/Office National de Sécurité Sociale](https://rijksdienstvoorSOCIALEZekerheid/OfficeNationaldeSecuriteSociale), accessed 8 December 2022.



- ▶ **The Supervision of Social Laws (TSW)** of the FPS Employment, Labour and Social Dialogue (WASO) is involved in relationships between an employer and its workers. This service is organised territorially into 22 divisions.⁴⁹
- ▶ **The National Employment Office (RVA/ONEM⁵⁰)** checks the compliance of statements relating to unemployment insurance, career disruptions and early retirement. There is an inspection service in each regional employment office.
- ▶ **The Administrative Control Service (DAC)** of the National Institute for Sickness and Disability Insurance (RIZIV/INAMI⁵¹) carries out checks at the health insurance funds to verify the correct application of the regulations on medical care and benefits.
- ▶ **The Directorate of Fair Competition⁵² (ECL)** of the National Institute for Social Insurance of the Self-employed persons (RSVZ/INASTI) is responsible for carrying out checks and verifications, both in terms of the subjection of self-employed workers to the National Institute for Social Insurance (and companies) and in terms of their rights.

The federal social inspection services mentioned above have a number of common competences. To perform checks, they can all request certain documents such as the DIMONA declaration, LIMOSA, and social documents. They also have specific competences, related to their specific service (e.g., labour legislation, inspection of unemployment regulations, etc.) The inspection services can act on their own initiative, as well as on the basis of complaints, at the request of the labour auditor, etc.

In addition to the abovementioned services, the Medical Evaluation and Inspection Service (DGEC) of the National Institute for Sickness and Disability Insurance (RIZIV/INAMI) controls healthcare providers to verify compliance with the medical insurance and benefits regulation⁵³. Also, the Supervision of Welfare at Work of the FPS Employment, Labour and Social Dialogue (WASO)⁵⁴, verifying compliance with occupational health and safety, has an increasing role to play in tackling undeclared work.

At **regional level**, the regional inspectorates of the Walloon Region, the Brussels-Capital Region, and the Flemish and German-speaking community are responsible for regionalised social legislation, such as the granting and monitoring of work permits to foreign workers employed in Belgium. Except for the control of foreign workers, these regional services have no specific competence regarding undeclared work and social fraud, which remains at the federal level. However, regional services have competences that indirectly affect the fight against undeclared work and social fraud, e.g., the fact that regional services supervise temporary employment agencies.⁵⁵

Alongside these administrative bodies, the judiciary branch is also involved in the fight against undeclared work. In the event of a breach of criminal social legislation, which includes undeclared work, the **Labour Auditor** may act as prosecutor against the offender before the criminal court. Finally, there are the **17 judicial district cells** whose core task it is to organize and coordinate inspections at local level, to check on compliance with the social legislation in connection with illegal work and social fraud. The judicial district cells are part of the SIIS and each

⁴⁹ See [Toezicht Sociale Wetten/ Contrôle des lois sociales](#), accessed 8 December 2022.

⁵⁰ See [Rijksdienst voor Arbeidsvoorziening / Office National de l'Emploi](#), accessed 8 December 2022.

⁵¹ See [Rijksinstituut voor ziekte en invaliditeitsverzekering/Institut national d'assurance maladie-invalidité](#), accessed 8 December 2022.

⁵² See [Rijksinstituut voor de Sociale Verzekeringen der Zelfstandigen/ L'Institut national d'assurances sociales pour travailleurs indépendants](#), accessed 8 December 2022.

⁵³ See [Rijksinstituut voor ziekte en invaliditeitsverzekering DGEC](#), accessed 28 August 2023.

⁵⁴ See [Toezicht welzijn op het werk/Contrôle du Bien-Etre](#), accessed 28 August 2023.

⁵⁵ See e.g. : <https://www.vlaanderen.be/organisaties/administratieve-diensten-van-de-vlaamse-overheid/beleidsdomein-werk-en-sociale-economie/departement-werk-en-sociale-economie/afdeling-vlaamse-sociale-inspectie>, accessed 8 December 2022.



cell is chaired by a Labour Auditor. Each cell is also composed of a representative of the various federal inspection and regional services, a representative of the FPS Finance, a magistrate of the King’s public prosecutor, and a member of the Federal Police. It may also have representatives of other public institutions of social security and regional inspection services. Since 2020, the social inspectors of The Supervision of Wel’are at Work are more closely involved in the functioning of the judicial district cells. Each year, targets are set for the cells in the national action plan adopted by the Board and approved by the Ministerial Committee. In 2022, 14 559 joint checks were carried out by all cells, thus exceeding the minimum of 10 000 checks of the ‘2022 Action Plan against Social Fraud’.

Table 2. Overview of tools to tackle undeclared work used by social partners in Belgium

Social partner tools to tackle undeclared work	Existence
Raising awareness and changing behaviours through campaigns, awards, dedicated websites, etc. at sectoral and company level situations of undeclared work and making calls for action	Yes
Referring cases of undeclared work to enforcement and judicial authorities	Yes
Negotiating collective agreements which contain instruments to tackle undeclared work, including in supply or subcontracting chains	Yes
Supporting workers by protecting them when in undeclared work situations, and aiding transition into a declared work situation	Yes
Raising awareness of situations of undeclared work and making calls for action	Yes
Cooperating across borders in the fight against undeclared work	Yes
Performing research to identify the key reasons, manifestations, specifics and impact of undeclared work	Yes
Providing policy and legal advice on procedural and legal changes needed	Yes
Providing policy advice on where enforcement authorities should focus their efforts (e.g., bogus self-employment, particular sectors)	Yes
Taking part in consultations and working groups	Yes
Providing technical support to enforcement authorities in developing information tools, data mining and risk assessment, building websites and social media platforms	No
Establishing relevant contacts through their networks of members	Yes
Serving as access points to corporate databases	No
Conduct workplace inspections	No

Source: Williams, C.C. and Horodnic, I.A. (2022). [Progress of national authorities towards a holistic approach, Study using a common assessment framework May 2022](#). European Platform tackling undeclared work.



2.2 Cooperation and collaboration between authorities and cross-border authorities

2.2.1 The legal basis

The main legal basis for the work of authorities involved in tackling undeclared work are as follows.

Table 3. Key authorities and their legal basis to tackle undeclared work

Authority	Legal framework
National Social Security Office	The international conventions n°. 81 & 129 of the International Labour Organization Law of 2 June 2010 containing provisions of social criminal law (Belgian Official Gazette 1-07-2010) Law of 6 June 2010, introducing the Social Criminal Code (Belgian Official Gazette 1-07-2010).
National Employment Office	“Royal decree of 25 November 1991 on unemployment regulations (Belgian Official Gazette 31-12-1991)”
National Institute for the Social Security of the Self-employed	The international conventions n°. 81 & 129 of the International Labour Organization Law of 2 June 2010 containing provisions of social criminal law (Belgian Official Gazette 1-07-2010) Law of 6 June 2010, introducing the Social Criminal Code (Belgian Official Gazette 1-07-2010).
Department of Work & Social Economy: The Flemish Social Inspectorate	Decree of 30 April 2004 on the uniformization of the supervisory, sanction and criminal provisions included in the regulations of social law matters, for which the Flemish Community and the Flemish Region are competent (Belgian Official Gazette 05-08-2004).
Regional employment Inspectorate of Brussels	Decree of 28 February 2019 on the control of laws and regulations relating to economic policy, employment policy and scientific research and the introduction of administrative fines applicable in the event of infringement of these laws and regulations (Belgian Official Gazette 9 April 2019).
Regional employment Inspectorate of the German speaking community	Decree of 5 February 1998 on the control and control of compliance with legislation in the field of employment policy (Belgian Gazette 20 February 1998) last modified on the 28 May 2018.

Source: ELA (2022) Overview on responsibilities, inspection competences and legal frameworks in Member States, Cooperation Support Unit, (March 2022), unpublished.

2.2.2 Cooperation between authorities in Belgium

As mentioned above, the fight against illegal work and social fraud in Belgium falls, among other things, under the competence of the federal social inspection services. Two coordination bodies at federal level should ensure proper coordination between the entities involved in tackling undeclared work: the **Board for the battle against fiscal and social fraud** and the **Social Intelligence and Investigation Service (SIIS)**.

The **operational plan “Tackling social fraud”** contains actions and targets that usually only concerns one department but also common actions in which the different social inspectorates have to cooperate and are responsible for a common result. It also contains some action in which social and tax agencies have to cooperate and are responsible for a common result. Similarly, some initiatives have been developed to ensure more effective cooperation with police, the judicial authorities, etc. The Board for the battle against fiscal and social fraud has developed an **action plan** with 29 concrete action items. The purpose of this action plan is to improve the cooperation between the social and fiscal (inspectorate) services and to develop the exchange of information in a



structural manner. In 2022 the Board has developed a second action plan, containing 25 actions, focused on international themes. The two action plans are still in implementation.

The **SIIS** is, amongst others, responsible for monitoring the implementation of the **partnership agreements** which have been concluded with representatives of **specific sectors** (see above 1.1).

Fair Competition Plans have been concluded between the workers' and employers' organizations, the competent administrations and the SIIS. The plans cite concrete measures to tackle social fraud and promote fair competition. The Fair Competition plans were concluded for the construction, transport, electrotechnical, cleaning, green sector, metal and technology, the funeral and carwash sector.⁵⁶

In addition, cooperation protocols have been established between SIIS, social inspectorate services and certain administrations and/or other relevant structures in the battle against undeclared work (e.g., the Immigration Office, National Labour Council)⁵⁷. These protocols surpass certain sectors and are aimed at enhancing cooperation and/or exchange of information.

2.2.3 Cooperation with other Member States

Within the Benelux framework, the Netherlands, Luxemburg and Belgium have developed strong interpersonal connections, leading to regular sharing of results, for the prevention and risk assessment. They also share results of inspections in press releases to help prevent future undeclared work. The inspection services and SIIS will intensify their cooperation in the various working groups that were set up under the coordination of the Benelux. Since Autumn 2022 there have been ongoing talks to establish a BENELUX treaty that improves the cross-border cooperation regarding the fight against social fraud.⁵⁸

The Benelux countries also have two working groups on 'bogus construction' and 'benefit fraud', which aim at improving the cross-border administrative cooperation within the countries concerned (and eventually beyond). As part of these working groups, pilot projects on cross-border data sharing and matching of relevant data have been set up to try to tackle cross-border fraud and error. The objectives of these pilot projects include assessing and testing the need for, relevance and feasibility of (automated) cross-border data sharing, matching and mining (number of cases of fraud and error detected), and identifying technical and legal issues and possible solutions.⁵⁹

On 9 April 2018, Belgium and the Netherlands signed a cooperation agreement. The aim is to exchange electronic data more efficiently and thus better detect social fraud. Specifically, the National Employment Office (RVA) and the National Social Security Office (RSZ) in Belgium started a collaboration with the Employee Insurance Agency (UWV) and the Information Office Foundation (IB) on behalf of the participating municipalities in the Netherlands.⁶⁰ Bilateral agreements have been signed between the Benelux countries and France. Steering committees meet at least once a year within each State. Among other issues, the Agreements provide the legal framework for cross-border joint inspections; however, during a joint inspection conducted in France, a visiting inspector only has the competence of an observer. Information provided through the IMI system can be used as evidence in administrative proceedings and before a court.⁶¹ A similar cooperation agreement regarding cross-border joint

⁵⁶ See <https://www.siod.belgie.be/nl/publicaties/protocollen>, accessed 8 December 2022.

⁵⁷ See <https://www.siod.belgie.be/nl/publicaties/protocollen>, accessed 28 August 2023.

⁵⁸ See <https://www.benelux.int/nl/kernthemas/veiligheid-samenleving/fraudebestrijding/sociale-samenwerking-en-fraudebestrijding>, accessed 8 December 2022.

⁵⁹ See Benelux Cross-border cooperation, available at https://www.ela.europa.eu/sites/default/files/2021-09/GP_fiche_Benelux.pdf, accessed 15 December 2022.

⁶⁰ See https://www.benelux.int/files/8415/2326/8731/overeenkomst_UFA.pdf, accessed 15 December 2022.

⁶¹ See https://www.ela.europa.eu/sites/default/files/2021-02/Item01_Guidelines-for-concerted-and-joint-inspections.pdf, accessed on 19 April 2023.



inspections has been signed between Belgium and Portugal.⁶² Similarly, during joint inspections conducted in Portugal a visiting inspector only has the competences of an observer. Conversely, during an inspection conducted in another Member State, information must be gathered in accordance with Portuguese law, in order to be used in administrative proceedings or in court.⁶³

Belgium closely collaborates with the labour inspectorate of France⁶⁴ (72 000 Belgian workers resided in France and 108 000 French workers resided in Belgium in 2017).⁶⁵ There are also operational bodies, such as the Franco-Belgian support body which carries out very effective initiatives (reception of control officers, joint inspections, analysis of case studies).

Belgium also concluded bilateral agreements with Poland⁶⁶ and Romania⁶⁷ concerning administrative cooperation, in 2007 and 2013 respectively. The administrative agreement with Poland mainly relates to the exchange of information regarding posted employees. Information regarding the employment conditions, irregularities during inspections and infractions regarding employment law are to be exchanged. The cooperation with Romania, among other things, relates to developing activities regarding inspections and employment legislation. The cooperation mainly consists of consultations between experts, the organisation of seminars, visits and research and the exchange of information and documentation of relevant adopted laws.

In 2022, 10 joint or concerted actions have been organised (under the coordination of the SIIS) with at least one inspection service from another country and in collaboration with ELA⁶⁸. 7 of these have been organised in the transport sector. Representatives from Italy, Bulgaria, Lithuania, Estonia, Slovakia, Czech Republic, Poland, Romania and Portugal took part as observers in the inspection of trucks and/or transport companies⁶⁹. A joint inspection with Portugal in the construction sector also took place in 2022.

In June and September 2022, Belgium also participated to EU-wide coordinated actions targeting human trafficking for labour exploitation and related offences, implemented as part of the European multidisciplinary platform against criminal threats (EMPACT)⁷⁰.

In addition, in 2022, Belgium took part in three ELA joint workshops/staff exchanges, one with Portugal and two others with the Netherlands.

At European level, Belgium also participated in the [project 'Tackling undeclared work in the construction industry'](#), led by European social partners in the construction industry (EFBWW-FIEC) in collaboration with social partners

⁶² See

https://employment.belgium.be/sites/default/files/fr/themas_themes/detachering_detachement/regles_rechtsregels/bilateral-agreement-belgium-portugal.pdf, accessed on 19 April 2023.

⁶³ See https://www.ela.europa.eu/sites/default/files/2021-02/Item01_Guidelines-for-concerted-and-joint-inspections.pdf, accessed on 19 April 2023.

⁶⁴ See ELA good practice fiche – France - [Administrative Cooperation Agreement between Belgium and France](#), accessed on 19 April 2023.

⁶⁵ See https://www.ela.europa.eu/sites/default/files/2022-01/Study-report-on-different-forms-of-cross-border-UDW.2021_EN.pdf, accessed 19 April 2023.

⁶⁶ See

https://employment.belgium.be/sites/default/files/fr/themas_themes/detachering_detachement/regles_rechtsregels/arrangement-belgique-pologne--oct-2007.pdf, accessed 20 April 2023.

⁶⁷ See

https://employment.belgium.be/sites/default/files/fr/themas_themes/detachering_detachement/regles_rechtsregels/arrangement-belgique-roumanie-2013-fr.pdf, accessed 20 April 2023.

⁶⁹ See

https://www.sirs.belgique.be/sites/default/files/Downloads/Sociale%20dumping/Jaarrapport/20230328_Rapport_sociale_dumping_2022_FR.pdf, accessed 25 July 2023.

⁷⁰ <https://www.europol.europa.eu/media-press/newsroom/news/514-employers-linked-to-labour-infringements-identified-across-eu>, accessed 25 July 2023.



from Belgium, France, Austria, Italy, Romania, Bulgaria and Spain. The project was aimed to devise a European campaign on prevention/awareness of undeclared work in the construction industry and to foster national initiatives that address the structural conditions that lead to undeclared work in this sector.⁷¹ This project ended with a joint statement by the European social partners in 2020, with concrete recommendations for tackling undeclared work and social fraud in the construction sector.⁷²

In 2022, Belgium actively participated in the ELA #Road2FairTransport media campaign, aimed to further explain legislative changes brought by the Mobility Package I, inform about the rights and obligations of the drivers and operators, as well as provide materials and guidance on various topics related to the road transport sector⁷³.

3.0 Policy focus and measures

3.1 Policy approach

The general policy against undeclared work, and more extensively the fight against social fraud and social dumping is defined every 4 years in a **Strategic Plan for the fight against social fraud and social dumping**. This Strategic Plan is prepared by the Strategic Committee of the SIIS and is partly based on a risk assessment, based in turn on a survey completed by various stakeholders (social inspection, social partners, Federal Police, Board of Prosecutors, academic world). The Plan is submitted to the Government for approval.

In accordance with Article 2 of the Social Penal code, the plan is turned into annual⁷⁴ **operational action plans** that cover the actions of the regional cells, the SIIS and the different inspection bodies. The plan foresees a programming of the controls based on the risks. The priority actions are linked to the 7 strategic objectives of the Strategic Plan:

1. Reduce social fraud and social dumping by enhancing European and international collaboration.
2. Ensuring the competitiveness of our companies and thus guaranteeing fair competition.
3. Create an inclusive labour market that guarantees occupational safety and health for all workers.
4. Strengthen the inspection services to ensure greater capacity to act and greater effectiveness.
5. Simplify administration (including digitalisation) and legislation, and improve information to increase transparency, prevent unintentional irregularities and combat social engineering.
6. Increase the risk of getting caught and improve the effectiveness of sanctions.
7. Prevent social fraud.

⁷¹ Stefanov, R., Mineva, D., Terziev, P. Vitosha Research EOOD (Center for the Study of Democracy Group) in collaboration with ICF. Cross-border actions tackling undeclared work, 2019. *Cross-border actions tackling undeclared work*. European Platform Tackling Undeclared Work, p. 32.

⁷² [Joint statement by the European social partners in the construction sector](#). Concrete recommendations for tackling undeclared work and social fraud in the construction sector. Brussels, 24 September 2020.

⁷³ See <https://www.ela.europa.eu/en/campaign/road-fair-transport#bcl-inpage-item-857>, accessed 28 August 2023.

⁷⁴ As of 2023, action plans will be made every two years.



The focus of the action plan for 2023-2024 remains the fight against social dumping and cooperation with the social partners, the regional, national and international partners of the Belgian social inspectorates.

3.2 Main policy measures

The 2022 holistic approaches study⁷⁵ indicates that four types of measures are commonly used in Belgium to tackle undeclared work - predominantly the use of:

- ▶ Penalty measures;
- ▶ Initiatives to increase the risk of detection (e.g., inspections);
- ▶ Incentives to make declared work easier and more beneficial;
- ▶ Education and awareness-raising campaigns and initiatives to modernise authorities to improve trust in government.

Annex 1 provides more detail on the specific policy measures used to tackle undeclared work.

3.3 Good practices⁷⁶

Good practices in tackling undeclared work have been explored by the European Platform tackling undeclared work. The following good practices addressing undeclared work are identified in Belgium:

- ▶ [Developing methodology and Key Performance Indicators \(KPIs\) measuring the effectiveness of labour inspectorates](#) (2023)⁷⁷. ELA has published a study to provide learning on how KPI's can be developed measuring the effectiveness of labour inspectorates in transforming undeclared work into declared work. To do so, the study has (1) outlined a common assessment framework based on a holistic approach for developing labour inspectorates' strategic goals, objectives and KPI's; (2) developed a method to develop strategic objectives and performance indicators; and (3) co-produced with two organizations (one of them being the SIIS) a set of strategic objectives and KPI's tailored to their context assessing their effectiveness on each component of the holistic approach. Belgium has been asked to participate in this study as this country has made significant improvements in terms of KPI's and monitoring in recent years.
- ▶ [Quick Response Team to Undeclared Work](#) (2022). Belgium established a Quick Response Team of social security inspectors within the National Office for Social Security. The inspectors are engaged in a constant exchange of information concerning undeclared work with the data mining team, with the aim of developing appropriate inspection methodologies. Investigations are carried out by the Team or together with social inspectors from the provincial or thematic directorates (who work on specific irregularities or sectors).
- ▶ [White cash register and other incentive measures in the HORECA sector](#) (2022). To combat undeclared work and tax evasion in the hospitality industry, businesses serving food and beverages are obliged to use the Certified Cash Register System (le système de caisse enregistrée (SCE)) (also known as the white cash register or black-box cash register). As compensation for this mandatory measure, some assistive measures were granted to the hospitality sector, included flexi-jobs and tax-free overtime.

⁷⁵ Williams, C.C. and Horodnic, I.A. (2022). [Progress of national authorities towards a holistic approach. Study using a common assessment framework May 2022](#). European Platform tackling undeclared work.

⁷⁶ [Virtual library | European Labour Authority \(europa.eu\)](#)

⁷⁷ See [Developing methodology and KPI's measuring the effectiveness of labour inspectorates](#), accessed 28 August 2023.



- ▶ [Collaborative economy: a common control methodology for the social inspectorates](#) (2022). The Action Plan for Tackling Social Fraud 2021 contains specific control actions to tackle undeclared work in the collaborative economy. This includes two specific actions: (1) optimising the cooperation between the Social Inspectorates which include the Labour Inspectorate, the National Social Security Office (NSSO) and the National Institute for the Social Insurance of the Self-Employed (NISSE) and (2) undertaking at least 20 joint labour investigations in the collaborative economy sector
- ▶ [Action Plan 2021 for Combatting Social Fraud - Adapting to COVID-19](#) (2021). The Social Fraud Action Plan 2021 was introduced in the context of the COVID-19 pandemic. The aim was to ensure continuity of previous actions and set up a new way of working by introducing a programmatic/project driven approach to certain fraud phenomena e.g., social dumping, tackling undeclared work etc. For each programme a holistic approach was used (prevention, detection, inspection, sanctions and recovery) at national and cross-border level.
- ▶ [Joint inspections to tackle organised social dumping in the construction sector](#) (2020). Joint inspections were carried out against a criminal organisation from Romania conducting social dumping in the construction sector in Belgium. This involved a range of enforcement authorities and other organisations in both countries which required close cooperation and collaborative working approaches. The success of the inspections is due to the good working relationships developed over time among the authorities.

Other practices are available on the European Labour Authority [website](#).

3.4 Challenges and barriers

Undeclared work in Belgium is higher than the EU average. Under-declared work is twice the EU average (Figure 1 above). Challenges to tackling this include the fact that there is more organised social (and tax) fraud that frequently takes the form of human trafficking and economic exploitation according to the Strategic Plan 2022-2025 of the federal government.⁷⁸ However there are only a limited number of social inspectors (approximately 1000 in the field). In addition, as is described in the Action Plan against social fraud, the measures and actions can only be properly implemented if the necessary resources are made available. So, there are also budgetary constraints. One should also keep in mind that the Action Plans are not only concerned with undeclared work of different types, but also with social fraud in a broad sense.

The most important challenges regarding social fraud in Belgium are the following:

- ▶ Limited capacity;
- ▶ The need for more targeted, risk-based and evidence-based action;
- ▶ The need to ensure uniform application of regulations;
- ▶ The need for more transparent and proportional (duration) action by the inspection services;
- ▶ (Increased) aggression and safety issues;
- ▶ The need for a standardisation and modernisation of working methods (techniques) - limiting nuisance for operating companies;
- ▶ Regulatory complexity and complex investigations;
- ▶ The need for a standardisation of reporting – traceability of revenues and results;

⁷⁸ See https://www.siod.belgie.be/sites/default/files/SIOD_StrategischPlan_2022_NL_0.pdf, accessed 9 December 2022.



- ▶ The need for flexibility: new problems arise in a constantly changing society; Internationalisation: Investing in the competences and working methods required for a cross-border approach; Technological developments;
- ▶ The operation of criminal organisations (using modern techniques, operating cross-border, ...) also active within the domain of social security/labour;
- ▶ The need for more coordination and cooperation between services and actors, including data exchange;
- ▶ Experienced administrative burden of inspections, both by inspectors and employers;
- ▶ Language barriers experienced during inspections.

The type of social fraud that remains a major challenge is social dumping, often implied by the use of posted workers.

In Belgium, the citizens' perceptions of tax morale, horizontal trust and vertical trust is lower than on average in the EU. This can be considered to be among the key drivers of participation in undeclared work (see Table 4).

Table 4. Level of tax morale, horizontal and vertical trust, Belgium and the EU

	Tax morale*	Horizontal trust**	Vertical trust: Tend to trust tax authority***	Vertical trust: Tend to trust labour inspectorate***
Belgium	8.26	38 %	31 %	31 %
EU-27 average	8.55	36 %	49 %	49 %

Source: Williams, C.C and Horodnic I.A. (2020). [Trends in the undeclared economy and policy approaches Evidence from the 2007, 2013 and 2019 Eurobarometer surveys](#), European Platform tackling undeclared work. Figures 35, 36 and 37. Retrieved on 28 October 2022.

*Tax morale is an index where respondents were asked to rank five different types of undeclared work on a scale of 1 to 10 (recoded here as 1 representing 'totally acceptable' behaviour and 10 representing 'totally unacceptable' behaviour).

**Horizontal trust was measured as the percentage of respondents who personally know people engaged in undeclared work.

***Vertical trust was measured as the percentage of respondents who tend to trust the main state institutions tackling undeclared work.

Trust in the federal government and the social inspectorate services was also asked in the abovementioned 2022 perception study. A minority of the surveyed citizens indicated having trust in the social inspectorate services (28%). However, more than half of the citizens indicated not knowing which services are competent to fight undeclared work. Thus, the results regarding trust should be interpreted with care. Slightly more businesses and independent workers indicated having trust in the social inspectorate services (31%). Here too, however, half of the surveyed businesses and independent workers indicated not knowing which government services are competent to fight undeclared work.

Additional macro-economic and structural conditions of institutions affecting the prevalence of undeclared work in Belgium are provided in Annex 2.



Annex 1: Approaches used to tackle undeclared work

Table A.1. Approaches used to tackle undeclared work

Approaches used	Existence
PENALTIES	
Use of penalties and fines to prevent participation in undeclared work	Yes
Use of penalties to transform undeclared work into declared work	Yes
Penalties for people or businesses who buy undeclared work	Yes
Reclassifying false employment relationships (e.g., bogus self-employment)	Yes
Use of non-compliance lists ('blacklists')	No
Previous non-compliance excludes firms from bidding for public procurement contracts	Yes
'Naming and shaming' lists	No
RISK OF DETECTION	
Workplace inspections	Yes
Online/desk-based inspections	Yes
Joint inspections with other national inspectorates	Yes
Announced inspections	Yes
Cross-border inspections	Yes
Registration of workers prior to first day at work	Yes
Data matching and sharing to identify risky businesses	Yes
Use data mining to determine risky businesses for inspection	Yes
Coordination of data mining and sharing across government departments	Yes
Coordination of strategy on undeclared work across government departments	Yes
Use of complaint reporting tools (e.g. telephone hotlines) ⁷⁹	Yes
Certification of business, certifying payments of social contributions and taxes	No
Notification letters	Yes

⁷⁹ [Information and tools for working declared | European Labour Authority \(europa.eu\)](https://european-labour-authority.europa.eu/information-and-tools-for-working-declared)



Mandatory ID in the workplace	Yes
Supply chain responsibility (e.g., joint and several liability, due diligence)	Yes
INCENTIVES	
Supply-side measures (i.e., to stimulate suppliers to operate declared)	
Simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication)	Yes
Compliance lists	Yes
Society-wide amnesties	No
Individual-level amnesties for voluntarily disclosing undeclared activity	No
'Formalisation' advice to start-ups	Yes
'Formalisation' support services to existing businesses	Yes
Targeted VAT reductions	Yes
Provide free record-keeping software to businesses	No
Provide fact sheets on record-keeping requirements	Yes
Provide free advice/training on record-keeping	Yes
Gradual formalisation schemes	No
Initiatives to ease transition from unemployment into self-employment	Yes
Initiatives to ease transition from employment into self-employment	Yes
Access to free marketing	Yes
Demand-side measures (i.e., to encourage purchasers to buy declared goods and services)	
Service vouchers	Yes
Targeted direct tax incentives (e.g., income tax reduction/subsidy)	No
Targeted indirect taxes (e.g., VAT reductions)	No
Initiatives for customers to request receipts (e.g., Lottery for receipts)	No
FOSTERING COMMITMENT TO OPERATE DECLARED	
Campaigns to inform suppliers of undeclared work of the risks and costs of working undeclared	Yes
Campaigns to inform suppliers of undeclared work of the benefits of formalising their work (e.g., informing them where their taxes are spent)	No
Campaigns to inform users of undeclared work of the problems of purchasing goods and services from the undeclared economy	No
Campaigns to inform users of undeclared work of the benefits of declared work (e.g., informing citizens of the public goods and services they receive with the taxes collected)	No



Normative appeals to businesses to operate on a declared basis	Yes
Measures to improve the degree to which customers of the enforcement agencies believe they have been treated in a respectful, impartial and responsible manner	Yes
Measures to improve labour, tax and/or social security law knowledge	Yes
Public information on the work and achievements of the enforcement authorities	Yes

































Sources: Williams, C.C. and Horodnic, I.A. (2022). [Progress of national authorities towards a holistic approach. Study using a common assessment framework May 2022](#). European Platform tackling undeclared work.



Annex 2: Dashboard: overview of key indicators relevant to undeclared work

The dashboard below provides an overview of the key structural conditions that are associated with the extent of undeclared work. The trends in each driver display whether it improved ('green') or worsened ('red') in Belgium. For comparative purposes, the trends in each driver of undeclared work are also presented for the EU-27.

Table A.2. Trends in key structural drivers of undeclared work

BELGIUM				
INDICATOR	2009	Latest available year	Trend: 2009-latest available year	EU-27, latest available year
A. FORMAL INSTITUTIONS				
I. FORMAL INSTITUTIONAL RESOURCE MISALLOCATIONS AND INEFFICIENCIES				
1. Level of modernisation of government				
Government effectiveness (-2.5 to 2.5 (strong performance))				
2. Formal institutions acting in a corrupt manner				
Corruption Perceptions Index (CPI) (0-100 (very clean))				
Control of corruption (-2.5 to 2.5 (strong performance))				
II. FORMAL INSTITUTIONAL VOIDS AND WEAKNESSES				
1. Modernisation Explanation - Level of 'development'				
GDP (current prices, euro per capita)				
Human Development Index (HDI) (0-1 (highest development))				
Social Progress Index (SPI) (0-100 (high))				
2. State intervention				
Burden of government regulation (1-7 (best))				
Restrictive labour regulations (% of respondents)				
Business flexibility index (0-10 (high))				
Expense of government (% of GDP)				
Research & Development expenditure (% of GDP)				
Tax revenue (% of GDP)				
Social contributions (% of revenue)				
Impact of social transfers on poverty reduction (%)				
Labour market policy (LMP) expenditure (% of GDP)				
Unemployment rate (% of active population)				
People at risk of poverty/social exclusion (% of total population)				
Severe material deprivation rate (% of total population)				
Inequality of income distribution (income quintile share ratio)				
Gini coefficient (0-100 (perfect inequality))				
Labour productivity (% change on previous period)				
III. FORMAL INSTITUTIONAL POWERLESSNESS				
Reliability of police services (1-7 (best))				
Judicial independence (1-7 (best))				
Rule of law (-2.5 to 2.5 (strong performance))				
Regulatory quality (-2.5 to 2.5 (strong performance))				
Voice and accountability (-2.5 to 2.5 (strong performance))				
Trust in Government (% tend to trust)				
Trust in Parliament (% tend to trust)				
IV. FORMAL INSTITUTIONAL INSTABILITY AND UNCERTAINTY				
Democracy Index (0-10 (full democracy))				
Political stability (-2.5 to 2.5 (strong performance))				
B. INFORMAL INSTITUTIONS				
Social capital (0-100 (high))				
Tax compliance (0-10 (high))				



Year:

Acceptability of undeclared work (% total 'unacceptable')

Firm hires worker on undeclared basis	■
Undeclared work by firm for firm	■
Undeclared work by individual for private household	■
Undeclared work by firm for private household	■
Someone partially or completely conceals their income	■
<i>Personally know people engaged in undeclared work (% 'yes')</i>	■

TREND (2009-2019): ■ = positive ■ = unchanged ■ = negative

Notes: * 2009 data not available; 2012 data used instead; ** 2009 data not available; 2014 data used instead; *** 2009 data not available; 2010 data used instead; **** EU-28 average for Expense of government (% of GDP); Tax revenue (% of GDP) and Social contributions (% of revenue)

Source of methodology: 2022 update by Horodnic, I.A. of the study by Williams, C.C and Horodnic, I.A. (2020). [Horizon scanning: early warning signals of future trends in undeclared work](#), European Platform tackling undeclared work. Extraction date: 30 October 2022.