



Factsheet on undeclared work – GREECE

March 2023

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



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1.0 Nature and estimated scale of undeclared work

1.1 Legal definition

In Greece, the following legal and policy definitions are used:

- ▶ **Undeclared work:** As set out in Article 32 of Law 3996/2011, undeclared work encompasses ‘any paid activities that are lawful as regards their nature but not declared to the public authorities’². This includes any employment that is not supported by a formal employment contract, which withholds information from authorities enforcing social security, taxation, and labour legislation.³
- ▶ **Under-declared work:** Whilst individuals may undertake declared work supported by an employment contract, under-declared work refers to additional paid activities that are under-reported by employers or the self-employed. This may occur when a portion of an employee’s salary is paid as an undeclared ‘envelope’ payment, or when individuals work a greater number of hours than they are contracted to fulfil.⁴

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 methodologies⁵.

Examining the extent of undeclared work based on Labour Input Method (LIM) estimates,⁶ in 2019, 12.6 % of total labour input in the private sector in the EU was undeclared (12.4 % in 2013). The slight growth in its share of total labour input displays room for improvement in tackling undeclared work. The extent of undeclared work in Greece was higher compared to the EU-27 average (see Figure 1 below).

² [Law No. 3996, Government Gazette A', 170/5.8.2011 on Reform of the Labour Inspection Body, regulations on Social Security issues and other provisions, Kodiko.gr](#), accessed 8 November 2022.

³ [International Labour Organization, \(2017\). undeclared work in Greece: Nature, Drivers and Way Forward. Policy Brief Series, No. 1.,](#) accessed 8 November 2022.

⁴ [Features and policy measures. undeclared work. Hellenic Labour Inspectorate \(SEPE\) website.,](#) accessed 24 November 2022

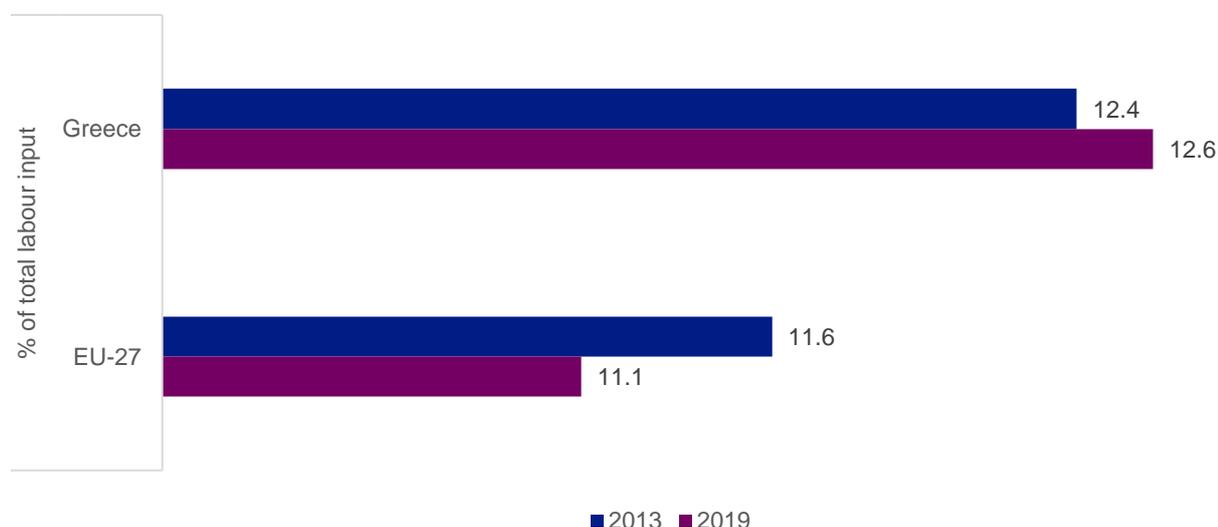
⁵ Undeclared work can be measured both directly and indirectly. Indirect methods are based on the comparison of macroeconomic aggregates (such as national accounts). Direct methods, on the contrary, are based on statistical surveys and have advantages in terms of comparability and detail, but tend to 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.

⁶ 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.

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



Figure 1. The scale of undeclared work in the private sector in Greece and EU-27, 2013 and 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.

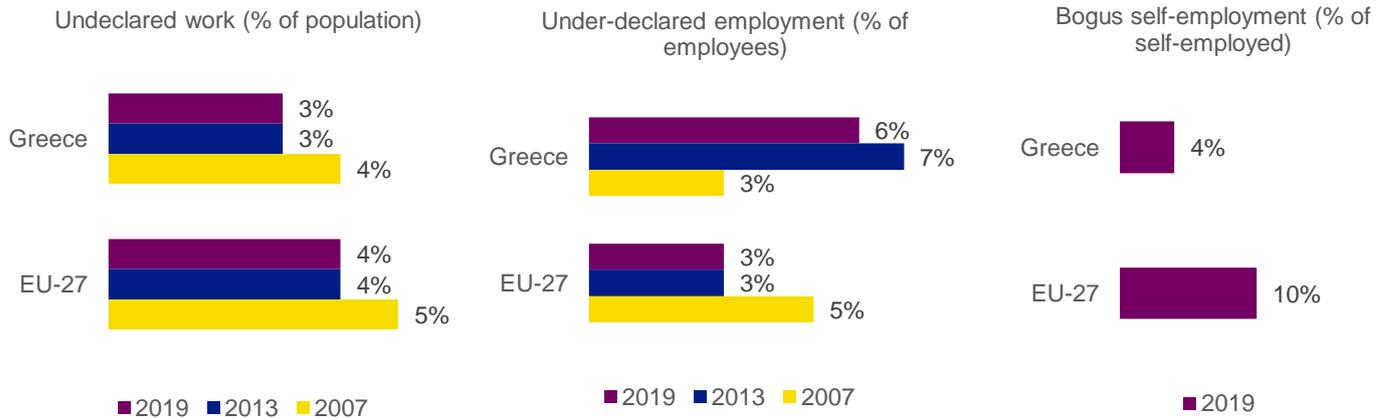
According to the results of inspections carried out by the Hellenic Labour Inspectorate (SEPE) and the United Social Security Institution (EFKA), in 2018, undeclared workers were detected in 10 % (3 869) of companies inspected. This amounts to 5 % (112 073) of declared employees, with fines amounting to almost EUR 59 million⁷. This represents a decline of 2 % since 2016.

The figures below indicate the current state and development of undeclared and under-declared work and bogus self-employment between 2007 and 2019 for Greece, based on Eurobarometer surveys (see Figure 2 below). 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 relationships⁸.

⁷ Hellenic Labour Inspectorate (SEPE) Operational Action Plan for the Elimination of Uninsured and undeclared work 'Artemis', Period 15 September 2013 to 31 December 2018 <https://ypergasias.gov.gr/wp-content/uploads/2019/02/ARTEMI%CE%A3-2018.pdf>, accessed 9 November 2022.

⁸ 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.

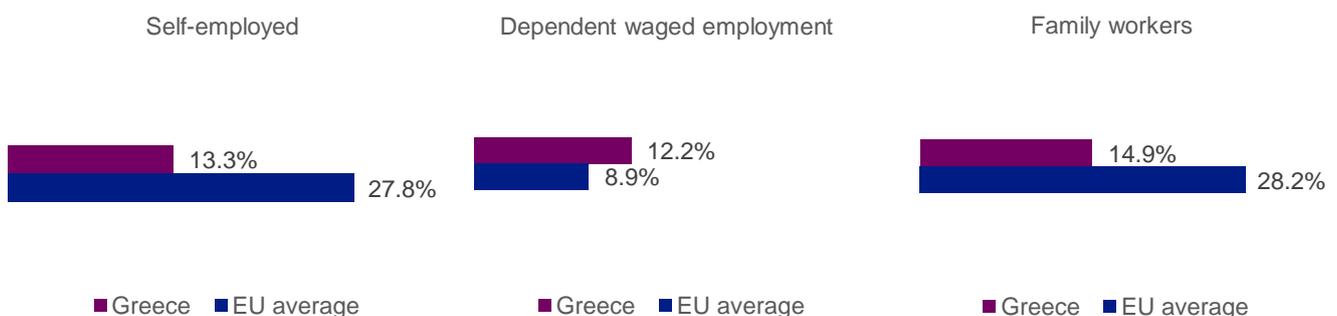
Figure 2. Composition of undeclared work, Greece and EU-27, 2007, 2013 and 2019



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) estimates⁹, in Greece, 12.2 % of waged employment is undeclared measured as a share of total labour input, the proportion of self-employment that is undeclared is 13.3 % (measured as a share of their total labour input) and the proportion of family work that is undeclared is 14.9 %¹⁰.

Figure 3. Prevalence of undeclared work in the private sector by type of employment relationship, Greece, EU-27 average, 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. Table 2. Retrieved on 30 November 2022.

Analysing the structure of the undeclared labour market in Greece in 2019 using the LIM estimates,¹¹ the proportion of undeclared labour input that is waged employment is 62.6 % (62.9 % in the EU-27), 33.8 % of undeclared labour input is self-employment (36.3 % in the EU-27) and the proportion of undeclared labour input that is family work is

⁹ Franic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work.

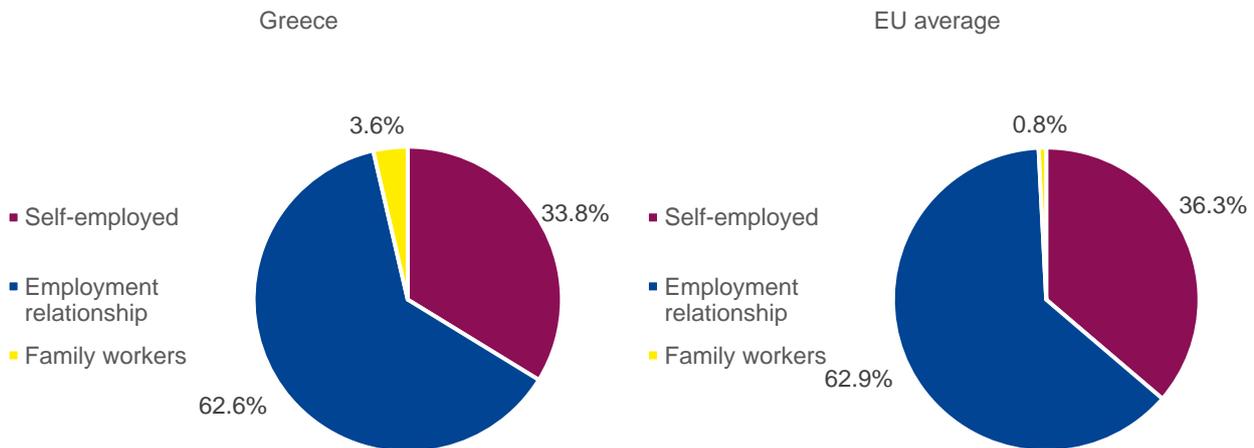
¹⁰ This data (taken from the labour force survey), is based on a small sample, which might affect its statistical reliability.

¹¹ Franic, J., Horodnic, I.A. and Williams, C.C. (2022).



3.6 % (0.8 % in the EU-27). Therefore, compared with the EU-27, waged employment and self-employment are a similar proportion. This has implications for tackling undeclared work.

Figure 4. Structure of the undeclared labour market in the private sector, Greece 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.

Undeclared work is most common within micro, small and medium sized businesses, which employ 83 % (2.15 million) of all declared employees in Greece.¹² In addition, its prevalence is associated with Greece’s high rates of self-employment, which are among the highest of EU Member States¹³. Sectors where undeclared work is commonly found include construction, distribution, hospitality, and domestic work. Whilst declared informal work is common in agriculture¹⁴, economic migrants and Roma workers often work without formal contracts nor social security rights and obligations. Likewise, an estimated 33 % of hospitality workers in Greece engaged in unregistered work¹⁵, which is often associated with the seasonal work of economically inactive students, housewives and pensioners, unemployed people, and migrants. However, undeclared work has been identified as a problem across all sectors, which impacts both high-wage and lower-wage workers.

Motivations for undeclared work include low trust in tax authorities¹⁶ and to minimise costs to the employer¹⁷. In 2016, the ILO Diagnostic Report on undeclared work in Greece identified common factors associated with undeclared work including high levels of unemployment, high tax rates and increased migrant labour.¹⁸ These

¹² [2021 SME Country Fact Sheet: Greece, European Commission.](#)

¹³ [Diagnostic report on undeclared work in Greece, ILO, 2016.](#)

¹⁴ [Williams, C. & Horodnic, A. \(2018\). Tackling undeclared work in the agricultural sector. European Platform tackling undeclared work.](#)

¹⁵ Ibid

¹⁶ [Petros, L., Drogalas, G., Karagiorgos, A & Karasteriou, E. \(2020\). The phenomenon of tax evasion and undeclared work in Greece: Causes and the role of control mechanisms. International Journal of Managerial and Financial Accounting, 12\(1\), pp. 71-88.](#)

¹⁷ [Apostolidis, C. & Haeussler, S. \(2018\). Sea, sand and shadow economy – consumer acceptance of shadow hospitality in Greece. Hospitality & Society, 8\(3\), pp. 205-227.](#)

¹⁸ [Diagnostic report on undeclared work in Greece, ILO, 2016., pp. 39-40.](#)



conditions reflect the economic impact of the 2008 financial crisis in Greece, which is believed to have increased the uptake of multiple simultaneous jobs and under-declared earnings.

2.0 Institutional framework

2.1 Responsibilities and characteristics of organisations involved in tackling undeclared work

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

| Key institutional feature | Existence |
|--|-----------|
| A high-level coordinating body in the country | No |
| A national strategy for tackling undeclared work | Yes |
| Common cross-government strategic objectives and KPIs/targets for tackling undeclared work | Yes |

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.¹⁹

In Greece, responsibilities for addressing undeclared work are operated by the following bodies²⁰:

- ▶ **The Ministry of Labour and Social Affairs²¹**: national authority responsible for **co-ordinating** action against undeclared work through the Tripartite Committee for tackling undeclared work which is a sub-committee of the Supreme Labour Council (ASE)²², a collective body which is part of the central administration of the Ministry²³. Within the Ministry, the General Secretary for Labour Relations has responsibility for labour law violations and given that tackling undeclared work is primarily perceived as concerned with the social protection of workers, this ministry is viewed as the lead Ministry in tackling undeclared work.
 - ▷ In 2017, a Tripartite Committee for tackling undeclared work became part of the Ministry of Labour through Law 4468/2017 within the framework of the tripartite Supreme Labour Council (ASE)²⁴. The Tripartite Committee comprises of representatives from the Ministry, SEPE, four employer representatives, four employee/trade union representatives, representatives from other Ministries where matters of relevance are discussed and external experts. The Committee is responsible for making suggestions to the Minister of Labour and Social Affairs for concrete measures to tackle undeclared work including implementation of the 2017-2019 road map; collecting and analysing data undeclared work; boosting inspection mechanisms; linking data systems of co-responsible Ministries

¹⁹ 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.

²⁰ [International Labour Organization, \(2017\). undeclared work in Greece: Nature, Drivers and Way Forward. Policy Brief Series, No. 1](#), p. 10, accessed 1 December 2022.

²¹ [Ministry of Labour and Social Affairs \(ypergasias.gov.gr\)](#), accessed 21 November 2022,

²² Law 4468/2017, Article 15, <https://www.lawspot.gr/nomikes-plirofories/nomothesia/n-4468-2017/arthro-15-nomos-4468-2017>, accessed 20 December 2022

²³ https://www.kodiko.gr/nomothesia/document/425999/p.d.-368-1989_Law_368/1989, accessed 20 December 2022

²⁴ Law 4468/2017, Article 15, <https://www.lawspot.gr/nomikes-plirofories/nomothesia/n-4468-2017/arthro-15-nomos-4468-2017>, accessed 20 December 2022



and authorities to identify undeclared work; share knowledge and information; evaluate measures and make strategic plans to address undeclared work.

- ▶ **Electronic National Social Security Fund (e-EFKA)²⁵**: national insurance and protection agency with responsibility for eliminating undeclared and uninsured work with detection and enforcement powers. It carries out inspections to detect non-compliance with social security legislation. It includes eleven Regional Insurance Control Centres (PEKA) which audit tax evasion.
- ▶ **The Hellenic Labour Inspectorate (SEPE)²⁶**: independent agency which detects and enforces violations of labour regulations. It was previously subordinated to the Ministry of Labour and Social Affairs until 2021. Its structure includes central management directorates, regional offices, and a division of special labour inspectorates. Its activities include monitoring the implementation of labour legislation, investigating incidents of illegal labour including undeclared work, and providing information to support the effective application of labour legislation.

National targets for tackling undeclared work that are common across the whole of government are set in the operational plan ARTEMIS²⁷. The plan was conceived by the Ministry of Labour and it is being implemented by the Labour Inspectorate and the Social Security Authority. The targets are sectors of economic activity that present high delinquency (from data we retrieve using the risk analysis tool of the IT System ERGANI²⁸) and sectors of economic activity for which we receive complaints.

Other institutions with responsibilities for addressing undeclared work include:

- ▶ **Ministry of Finance²⁹**: national authority responsible for enforcing tax compliance. It includes the Independent Authority of Public Revenues (**IAPR**)³⁰, the General Secretariat of Information Systems (**GSIS**)³¹ and the Financial and Economic Crime Unit, which is the tax inspectorate responsible for investigating tax non-compliance (**S.D.O.E.**)³².
- ▶ **Financial Police Directorate (DOA)³³**: Agency responsible for prosecuting financial crimes, which can include undeclared and uninsured work.
- ▶ **Public Employment Service (D.Y.P.A)³⁴**: agency responsible for collecting employment information, issuing unemployment certificates and implementing employment policy.
- ▶ **Foreigners and Immigration Service of the Decentralized Administrations³⁵**: Offices within regional administrations which process, grant, and monitor migration status.

In addition, Greek authorities involve social partner organisations in tackling undeclared work. These activities include taking part in consultations and working groups, forming collective agreements, and undertaking joint inspections with social partners³⁶. Social Partners are included in the Supreme Labour Council (ASE), a Ministry-

²⁵ [Electronic National Social Security Fund \(e-EFKA\) \(https://www.efka.gov.gr\)](https://www.efka.gov.gr), accessed 20 December 2022

²⁶ [Hellenic Labour Inspectorate \(https://www.sepe.gov.gr\)](https://www.sepe.gov.gr), contact: helpdesk@sepenet.gr, accessed 21 November 2022.

²⁷ Hellenic Labour Inspectorate (SEPE) Operational Action Plan for the Elimination of Uninsured and undeclared work 'Artemis', Period 15 September 2013 to 31 December 2018 <https://ypergasias.gov.gr/wp-content/uploads/2019/02/ARTEMI%CE%A3-2018.pdf>, accessed 9 November 2022.

²⁸ The information system ERGANI records all employment flows in Greece.

²⁹ [Ministry of Finance \(minfin.gr\)](http://www.minfin.gr), contact: ministeroffice@minfin.gr, accessed 21 November 2022.

³⁰ [Independent Authority for Public Revenue \(IAPR\) - AADE](http://www.aade.gov.gr), contact: gov.office@aade.gr, accessed 17 February 2023.

³¹ [General Secretariat of Information Systems \(gsis.gr\)](http://www.gsis.gr), contact: gen-gramm@gsis.gr, accessed 17 February 2022.

³² See <https://www.minfin.gr/web/eidike-grammateia-sdoe>, accessed 15 December 2022; contact: kataqgelies@sdoe.gr

³³ Hellenic Police (<http://www.astynomia.gr>), contact: financialpolice@hellenicpolice.gr, accessed 1 December 2022.

³⁴ Public Employment Service (<https://dypa.gov.gr>), accessed 21 November 2022.

³⁵ Individual administrations, see: <https://portal.cor.europa.eu/divisionpowers/Pages/Greece-Immigration.aspx>, accessed 21 November 2022.

³⁶ [Good practice fiche - Greece: Joint targeted inspections by the Greek Labour Inspectorate \(SEPE\) and the Athens Labour Union Organisation \(2020\) | European Labour Authority \(europa.eu\)](#), accessed 17 February 2023.



level tripartite body for social and labour policy³⁷. Through the ASE, social partners also participate in the Council for Social Control of Labour Inspection (SKEEE) which advises and decides on the activities of the SEPE³⁸.

A road map to implement a holistic integrated strategic approach towards tackling undeclared work in Greece was established in 2016 through a tripartite agreement between the Greek government, the International Labour Organisation (ILO) and social partners (please see Section 3.3 Good practices). Tripartite Committee (ASE) with equal representation under the Supreme Labour Council on undeclared work has been established by the Government in consultation with social partners, and tasked with steering and monitoring the implementation of the roadmap to tackle undeclared work, involving social partners in the design and implementation of economic, employment, and social policies³⁹.

An overview of social partners' involvement is shown below:

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

| Social partner tools to tackle undeclared work | Existence |
|---|-----------|
| Raising awareness and changing behaviours through campaigns, awards, dedicated websites, etc at sectoral and company level | 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 |

³⁷ ILO (2017), Assessment report on necessary amendments of the legal framework regarding inspections in agriculture and recommendations for reforms in line with ILO Convention No.129, Available at [Microsoft Word - REPORT_C129_27_8_2018_EN.docx \(ilo.org\)](#), pp.8-9, accessed 15 December 2022.

³⁸ <http://www.opengov.gr/minlab/?p=1872> , accessed 20 December 2022

³⁹ ILO (2017), Assessment report on necessary amendments of the legal framework regarding inspections in agriculture and recommendations for reforms in line with ILO Convention No.129, Available at [Microsoft Word - REPORT_C129_27_8_2018_EN.docx \(ilo.org\)](#), pp.8-9, accessed 15 December 2022.



| | |
|--|-----|
| 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 |
|---|--|
| Ministry of Labour / Supreme Labour Council (ASE) | Law 4468/2017, Article 15 establishing the Tripartite Committee under the Supreme Labour Council, for steering and monitoring the implementation of the roadmap to tackle undeclared work Supreme Labour Council (ASE) Laws: 368/1989, 1836/1989, 3239/1955 |
| Hellenic Labour Inspectorate (SEPE) | Law 2639/1998 Law 2874/2000 Law 3144/2003 Law 3385/2005 Law 3762/2009 Law 3850/2010 Law 3996/2011 Law 4052/2012 Law 4075/2012 Law 4144/2013 Law 4808/2021 Law 4954/2021 |
| Electronic National Social Security Fund (e-EFKA) | Law 4387/2016 Law 4670/2020 |
| Financial Police Directorate (DOA) | Law 4249/2014 |
| Foreigners and Immigration Service of the Decentralized Administrations | Law 4251/2014 |
| Financial and Economic Crime Unit (S.D.O.E.) | Law 85/2005 Law 3943/2011 |

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 Greece

Among measures to improve the monitoring of undeclared work, action has been taken to encourage collaboration between inspection forces. Following a Ministerial Decision of 2014 (ΦΕΚ 1851/ Β' / 12.6.2014), joint inspections have been undertaken between e-EFKA and SEPE. Likewise, a pilot program between 2017 and 2019 coordinated joint-inspections and data-sharing by members of SEPE, EFKA, the Financial Police and S.D.O.E. The introduction of the ERGANI IT database and the Digital Labour Card⁴⁰ are IT initiatives aimed to increase the risk of detection and have been implemented jointly by the Ministry of Labour and the Ministry of Digital Governance⁴¹.

2.2.3 Cooperation with other Member States

Whilst there is no legal framework for cross-border co-operation to address undeclared work, it is a strategic objective of Greek authorities.⁴² Current legislation does not provide for the competence or presence of cross-border inspectors in Greek inspections.

Five virtual activities took place during 2020, including the first concerted inspection coordinated by the European Labour Authority (ELA). A virtual visit took place between Cyprus and Greece in September 2020 with the objective to share understanding and expertise and explored inspection methods and tools including the ERGANI IT system.⁴³ The Ministries of Labour and Social Affairs of Cyprus and Greece signed an agreement in September 2022 to share technical knowledge about the implementation of the ERGANI II IT system and the Digital Labour Card, so that both initiatives are adopted in Cyprus⁴⁴.

Greece also has a trilateral⁴⁵ agreement in place with Bulgaria and Romania. Some of the activities under this agreement cover, *inter alia*, trans-border cooperation, irregular migration and combating corruption, trans-border and organised crime and trafficking of persons⁴⁶.

3.0 Policy focus and measures

3.1 Policy approach

Whilst tackling undeclared work has been a long-standing policy objective in Greece, recent policy has sought to strengthen the national approach. In 2016, the ILO, the Greek Government and social partners published a diagnostic report on undeclared work in Greece. The report provides a set of policy recommendations that reflect the ILO's holistic approach to tackling undeclared work, to transform undeclared work into declared work. Following tripartite agreements on the characteristics and drivers of undeclared work in Greece, a road map was implemented between 2017 and 2019 under the coordination of the Supreme Labour Council (ASE). The map included direct measures for monitoring compliance through improving detection processes, strengthening

⁴⁰ [Home - Digital Work Card \(psifiakikarta.gov.gr\)](https://psifiakikarta.gov.gr/), accessed 20 December 2022.

⁴¹ Ministry of Labour Press Release dated 7 June 2021 'The Digital Labour Card in the battle against undeclared and underdeclared work', <https://ypergasias.gov.gr/synantisi-kosti-chatzidaki-kyriakou-pierrakaki-gia-tin-psifiaki-karta-ergasias-2/>, accessed 22 December 2022

⁴² [Guidelines for Concerted and Joint Inspections, ELA, 2020, p. 45.](#)

⁴³ Summary report on staff learning exchanges and joint activities 2020, European Platform tackling undeclared work.

⁴⁴ Ministry of Labour Press Release dated 18 October 2022 'The implementation of the digital labour card starts in Cyprus', <https://ypergasias.gov.gr/xekina-i-efarmogi-tis-psifiakis-kartas-ergasias-kai-stin-kypro/>, accessed 20 December 2022

⁴⁵ Greece-Bulgaria-Romania Trilateral Meeting – Joint Statements (Athens, 12.05.2022) available at [Greece-Bulgaria-Romania Trilateral Meeting – Joint Statements \(Athens, 12.05.2022\) - Announcements - Statements - Speeches \(mfa.gr\)](#), accessed 1 December 2022

⁴⁶ [9th Trilateral Ministerial meeting of Greece, Bulgaria and Romania – Joint Statement \(Thessaloniki, 7 May 2014\) - Announcements - Statements - Speeches \(mfa.gr\)](#), accessed 1 December 2022



penalties, and simplifying procedures for complying with labour legislation. Meanwhile, indirect measures included measures to encourage compliance within civil society, through increasing public awareness of tax and employment regulations and reforming the legislative mechanisms and procedures of institutions responsible for undeclared work.

3.2 Main policy measures

As indicated in the 2022 holistic approaches study⁴⁷, four types of measures are commonly used in Greece to tackle undeclared work:

- ▶ Initiatives to increase the risk of detection (e.g., inspections); Since 2013, the information system ERGANI records all employment flows in Greece. This data is utilised by SEPE and relevant authorities to inform detection practices, including a risk analysis system that prioritises high-risk companies for inspection. A 'Digital Labour Card' (Law 4808/2021) which started being implemented in large employers from July 2022 gives employees and employers (and the authorities) exact information on hours worked through the MyErgani App for smartphones⁴⁸.
- ▶ Penalty measures: The maximum penalty for undeclared work is EUR 10 500. Since 2018, the sanction framework has been reformed to incentivise the transformation of undeclared work into declared work (Law 4554/2018). The penalty is reduced when the employer provides the undeclared employee with a full-time contract within 10 days, which is reduced consecutively for lengths of 3, 6, and 12 months. Other fines target undeclared work of workers who receive unemployment benefits (Law 4144/2013) and for work declared only to the Ministry of Labour but not to the relevant social security organization (Law 4225/2014).
- ▶ Incentives to make declared work easier and more beneficial: Action has been taken to make the process of declaring work easier for employers, which includes simplifying registration and documentation procedures, providing support to businesses to formalise work, and offering free marketing resources. Likewise, incentives have been introduced for customers to request receipts that encourage them to buy declared goods and services.
- ▶ Education and awareness-raising campaigns and initiatives to modernise authorities to improve trust in government: Measures have been taken to raise public awareness of declared work, which include making normative appeals to businesses on the benefits of operating declared and disseminating public information on the achievements of SEPE in enforcing regulations on undeclared work.

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

3.3 Good practices⁴⁹

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 Greece:

- ▶ [Road Map to implement a holistic integrated strategic approach towards tackling undeclared work](#), (2022) The 'Road map to implement a holistic integrated strategic approach towards tackling undeclared work in Greece' (hereafter the Road Map) was established in 2016 through a tripartite agreement between the Greek government, the International Labour Organisation (ILO) and social partners. The framework of the Road Map

⁴⁷ Williams, C. and I. Horodnic (2022). Progress of national authorities towards a holistic approach, Study using a common assessment framework May 2022. European Platform tackling undeclared work.

⁴⁸ Digital Labour Card <https://psifiakikarta.gov.gr/>, accessed 20 December 2022

⁴⁹ [Virtual library | European Labour Authority \(europa.eu\)](#), accessed 21 November 2022.



enables successful collaboration and joint activities among different stakeholders, with the aim of tackling undeclared work.

- ▶ [The Road Traffic Control Information System](#) (2021): This tool supplies information which tracks, processes and analyses data from vehicles' digital or analogue tachograph. This information is used by the Greek Labour Inspectorate to cross-check data on working days, hours and contracts, which is supplied by the Information System ERGANI and drivers' route books, in order to detect under-declared and undeclared work in the road transport sector.
- ▶ [Joint targeted inspections by the Greek Labour Inspectorate \(SEPE\) and the Athens Labour Union Organisation \(EKA\)](#) (2020): In 2017 the Greek Labour Inspectorate (SEPE) invited the Athens Labour Union Organisation (EKA trade union) to participate in a pilot project of targeted joint inspections. The pilot project aimed to detect incidences of undeclared work in selected companies from a list drawn up by the inspectorate. The EKA provided information to the labour inspectorate which helped the Inspectorate to target their inspections undeclared work
- ▶ [Targeted detection of undeclared work](#) (2020): In 2018, SEPE deployed a road traffic control information system to target undeclared work in the road transport sector. Data on drivers' working patterns is cross-checked with employment information (ERGANI) to identify potential non-compliance with EU labour regulations on road transport drivers.
- ▶ [Provision of IT training for labour inspectors](#) (2020): To improve SEPE's activities, a training programme has been developed to improve labour inspectors' competence using specialist IT tools. The ERGANI information system provides SEPE with employment data and tools to inform the scheduling and targeting of inspections surrounding undeclared work. Therefore, greater IT skills has been associated with a decrease in incidences of undeclared work.

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

3.4 Challenges and barriers

Undeclared work continues to be an issue in Greece and is more prevalent than the EU-27 average. Whilst Greek citizens tend to perceive undeclared work as unacceptable (see Table 4), most people personally know people engaged in undeclared work (59 %), which is higher than the EU-27 average. This may relate to levels of trust in the tax authority (43 %) and the Hellenic Labour Inspectorate (47 %), which are lower than the EU-27 average.

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

| | Tax morale* | Horizontal trust** | Vertical trust: Tend to trust tax authority*** | Vertical trust: Tend to trust labour inspectorate*** |
|---------------|-------------|--------------------|--|--|
| Greece | 9.14 | 59 % | 43 % | 47 % |
| 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.*

Additional macro-economic and structural conditions of institutions affecting the prevalence of undeclared work in Greece 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 | No |
| Reclassifying false employment relationships (e.g., bogus self-employment) | No |
| 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 | No |
| 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 | No |
| Coordination of strategy on undeclared work across government departments | Yes |



| | |
|--|-----|
| Use of complaint reporting tools (e.g. telephone hotlines) ⁵⁰ | Yes |
| Certification of business, certifying payments of social contributions and taxes | Yes |
| Notification letters | Yes |
| Mandatory ID in the workplace | Yes |
| Supply chain responsibility (e.g., joint and several liability, due diligence) | No |
| 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) | No |
| Compliance lists | No |
| 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 | Yes |
| Provide fact sheets on record-keeping requirements | No |
| 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 | No |
| Access to free marketing | No |
| Demand-side measures (i.e., to encourage purchasers to buy declared goods and services) | |

⁵⁰ [Information and tools for working declared | European Labour Authority \(europa.eu\)](#), accessed 21 November 2022.



| | |
|---|-----|
| 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) | Yes |
| 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) | Yes |
| 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 | No |
| 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 undeclared work. The trends in each driver display whether it improved ('green') or worsened ('red') in Greece. For comparative purposes, the trends in each driver of undeclared work are also presented for the EU-27.

| GREECE | | | | |
|---|--------|--------|---------------------------------------|------------------|
| INDICATOR | YEAR: | | TREND 2009 vs. 2019 | EU-27, 2019 **** |
| | 2009 | 2019 | | |
| 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)) | 0.61 | 0.34 | ■ | - |
| 2. Formal institutions acting in a corrupt manner | | | | |
| Corruption Perceptions Index (CPI) (0-100 (very clean)) * | 36 | 48 | ■ | - |
| Control of corruption (-2.5 to 2.5 (strong performance)) | 0.06 | 0.04 | ■ | - |
| II. FORMAL INSTITUTIONAL VOIDS AND WEAKNESSES | | | | |
| 1. Modernisation Explanation - Level of 'development' | | | | |
| GDP (current prices, euro per capita) | 21 390 | 17 100 | ■ | 31 300 |
| Human Development Index (HDI) (0-1 (highest development)) | 0.866 | 0.889 | ■ | - |
| Social Progress Index (SPI) (0-100 (high)) ** | 81.10 | 82.17 | ■ | - |
| Self-employment (% of total employment) | 28.7 | 27.9 | ■ | 13.4 |
| 2. State intervention | | | | |
| Burden of government regulation (1-7 (best)) | 2.4 | 2.6 | ■ | - |
| Business flexibility index (0-10 (high)) | 5.55 | 7.18 | ■ | - |
| Expense of government (% of GDP) | 51.3 | 47.1 | ■ | 36.6 |
| Research & Development expenditure (% of GDP) | 0.63 | 1.28 | ■ | 2.23 |
| Tax revenue (% of GDP) | 19.8 | 26.2 | ■ | 19.7 |
| Social contributions (% of revenue) | 33.0 | 31.1 | ■ | 33.0 |
| Impact of social transfers on poverty reduction (%) | 13.22 | 22.84 | ■ | 32.38 |
| Labour market policy (LMP) expenditure (% of GDP) | 0.90 | 0.94 | ■ | 1.65 |
| Unemployment rate (% of active population) | 9.8 | 17.9 | ■ | 6.8 |
| People at risk of poverty/social exclusion (% of total population) | 27.6 | 30.0 | ■ | 20.9 |
| Severe material deprivation rate (% of total population) | 11.0 | 16.2 | ■ | 5.5 |
| Inequality of income distribution (income quintile share ratio) | 5.76 | 5.11 | ■ | 4.99 |
| Gini coefficient (0-100 (perfect inequality)) | 33.1 | 31.0 | ■ | 30.2 |
| Labour productivity (% change on previous period) | -3.8 | -0.3 | ■ | 0.7 |
| III. FORMAL INSTITUTIONAL POWERLESSNESS | | | | |
| Reliability of police services (1-7 (best)) | 3.9 | 4.1 | ■ | - |
| Judicial independence (1-7 (best)) | 3.7 | 3.5 | ■ | - |
| Rule of law (-2.5 to 2.5 (strong performance)) | 0.65 | 0.18 | ■ | - |
| Regulatory quality (-2.5 to 2.5 (strong performance)) | 0.83 | 0.53 | ■ | - |
| Voice and accountability (-2.5 to 2.5 (strong performance)) | 0.89 | 0.81 | ■ | - |
| Trust in Government (% tend to trust) | 44 | 26 | ■ | 35 |
| Trust in Parliament (% tend to trust) | 47 | 23 | ■ | 34 |
| IV. FORMAL INSTITUTIONAL INSTABILITY AND UNCERTAINTY | | | | |
| Democracy Index (0-10 (full democracy)) *** | 7.92 | 7.43 | ■ | - |
| Political stability (-2.5 to 2.5 (strong performance)) | -0.21 | 0.18 | ■ | - |
| B. INFORMAL INSTITUTIONS | | | | |
| Social capital (0-100 (high)) | 46.2 | 44.4 | ■ | - |
| Tax compliance (0-10 (high)) | 7.49 | 7.84 | ■ | - |
| Year: 2013 2019 | | | | |
| <i>Acceptability of undeclared work (% total 'unacceptable')</i> | | | | |
| Firm hires worker on undeclared basis | 91 | 93 | ■ | 82 |
| Undeclared work by firm for firm | 93 | 94 | ■ | 85 |
| Undeclared work by individual for private household | 82 | 82 | ■ | 67 |



| | | | | |
|---|----|----|---|----|
| Undeclared work by firm for private household | 92 | 92 | ■ | 82 |
| Someone partially or completely conceals their income | 89 | 86 | ■ | 78 |
| Personally know people engaged in undeclared work (% 'yes') | 54 | 59 | ■ | 36 |

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.