



Factsheet on undeclared work – FRANCE

March 2023

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



European Platform
tackling undeclared work



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1.0 Nature and estimated scale of undeclared work

1.1 Legal definition

The French Labour Code, in article L8211-1, considers as ‘illegal work’ (*‘travail illegal’*) work executed under the following conditions: (a) when it is undeclared or under-declared (*‘travail dissimulé’*); (b) when is part of illegal labour supply operations (*‘prêt illicite de main-d’oeuvre’* and *‘marchandage’*) (c) when is executed by foreigners without a work permit (*‘emploi d’étranger non autorisé à travailler’*); (d) when it is undeclared work at a second job exceeding the limit on hours of work applicable to the sector of activity (*‘cumuls irréguliers d’emplois’*); (e) while receiving unemployment benefits, whether full or part-time (*‘fraude ou fausse déclaration prévue aux articles L. 5124-1 et L. 5429-1’*).

Most of these forms of ‘illegal work’ directly or indirectly relate to undeclared work. However, it should be noted that the French authorities do not collect specific data related to ‘undeclared work’ as defined in EU policy documents.² French statistical data relates to ‘illegal work’ as defined by article L8211-1 of the Labour Code which is a broader concept, and in most cases is considered a criminal offence.³

This report uses the term ‘illegal work’ when the authorities’ actions and the data given relate to that broad-ranging legal concept. In contrast, the term ‘undeclared work’ is used whenever it has been possible to discriminate specific data within the existing information.

The legal concept of ‘illegal work’ includes the following types of undeclared work:

- ▶ Firstly, if an enterprise employing workers is not registered in the Trade Register (*Registre du commerce*) and Professions Register (*Registre des métiers*) when this is compulsory, or if it does not declare its activity to social protection bodies or the tax administration, this is classed as *‘travail dissimulé’* (articles L8221-3 to L8221-4 of the Labour Code).
- ▶ Secondly, French legislation establishes the legal meaning of ‘non-registration of employees/employers’, ‘under-declared wages’, ‘undeclared working time’ through the Labour Code’s references to situations where the employer does not make a declaration to the official bodies for the recruitment of employees, does not present a pay slip for each employee, and/or does not give the correct number of working hours (articles L8251-1 to L8256-8 and article L8221-5 of the Labour Code).
- ▶ Thirdly, the Labour Code prohibits (a) any kind of advertising tending to promote undeclared work; (b) benefiting (knowingly) from undeclared work either directly or through an intermediary (article L8221-1 of the Labour Code); (c) ‘non-declared work involving migrants without work permit’ (articles L8251-1 to L8256-8 of the Labour Code); and (d) illegally posting workers to France using ‘artificial arrangements’ that lack economic substance and whose sole purpose is to circumvent the application of applicable laws (article L8221-3 3^o of the Labour Code).

² Glossary of Terms, published by the DG Employment, Social Affairs & Inclusion / European Platform Tackling Undeclared Work. 2018. <https://www.ela.europa.eu/en/undeclared-work/glossary>, p. 2.

³ The [French Labour Code](#) (*Livre II: Lutte contre le travail illegal*, articles L8211-1 to L8291-3) codifies additional forms of non-compliance in the criminal economy, i.e., the shadow economy. The criminal economy is not included in the term ‘undeclared work’ according to the Glossary of Terms, op. cit., p. 2.; however, in the case of France, an exception to that ‘rule’ may be necessary, as ‘illegal work’ is a criminal offence in some situations where other EU countries apply administrative infractions.



- ▶ Fourthly, the Labour Code contains provisions which define situations of ‘non-declaration of employer status’ which relate to labour supply operations and are different from legal temporary work, which deprive employees of their rights in the user company (*prêt illicite de main-d'oeuvre* and *marchandage*) (articles L8241-1 to L8243-3 and article L8231-1 of the Labour Code). Finally, French law also includes a definition of ‘bogus self-employment’ (article L8221-6 of the Labour Code).

The same definitions are followed by all agencies in charge of fighting against illegal work – the Labour Inspectorate, the Police, the Social Welfare Agency (*Union de recouvrement des cotisations de Sécurité sociale et d'allocations familiales*, URSSAF) – and other state departments such as tax and customs.

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 methodologies⁴.

Examining the extent of undeclared work based on Labour Input Method (LIM) estimates,⁵ in 2019, 11.8 % of total labour input in the private sector in France was undeclared (8.8 % in 2013). Therefore, between 2013 and 2019, there has been a growth in undeclared work. This displays room for improvement in tackling undeclared work. The extent of undeclared work in France was similar in terms of total labour input, compared to the EU-27 average (see Figure 1 below).

According to a study by the French Advisory Council for Employment (*Conseil d'orientation pour l'emploi*), carried out in 2019, undeclared work in France is engaged in by approximately 5 % of people over 18 (i.e., around 2.5 million people), without taking account of the number of hours worked or the frequency; in financial terms, this represents between 2 % and 3 % of the payroll paid by companies.⁶ These conclusions have been arrived at through the most robust studies, and with all the caveats necessary because of the methodological difficulties involved in the study of undeclared work.

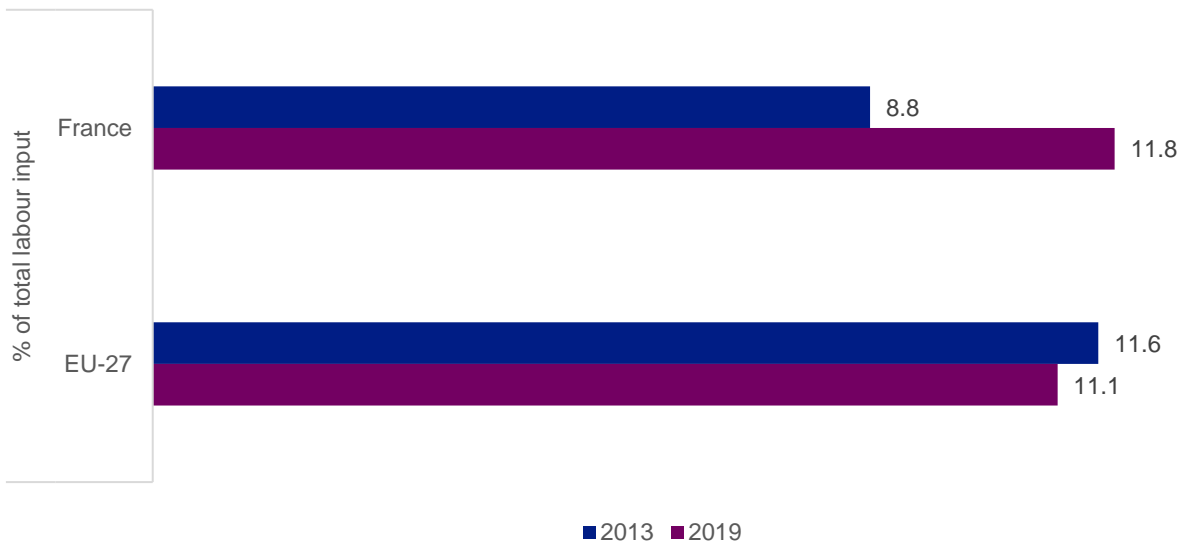
⁴ Undeclared work can be measured both directly and indirectly. Indirect methods are based on the comparison of macroeconomic aggregates (such as national accounts). Direct methods, on the contrary, are based on statistical surveys and have advantages in terms of comparability and detail, but tend to 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.

⁵ 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.

⁶ Conseil d'orientation pour l'emploi. *Le travail non déclaré*, op.cit., p. 16.



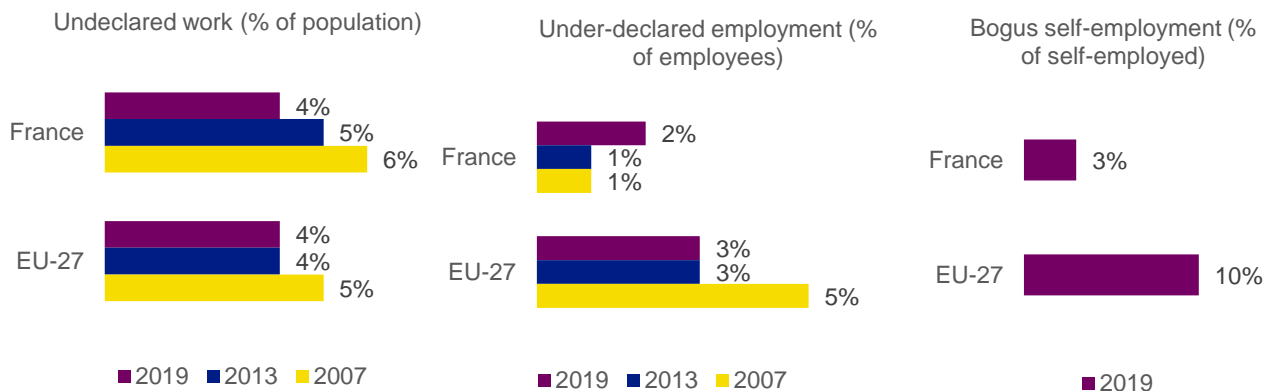
Figure 1. The scale of undeclared work in the private sector in France and EU-27, 2013 and 2019



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.

The figures below indicate the current state and development of undeclared, under-declared and bogus self-employment between 2007 and 2019 for France, 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 relationships⁷.

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



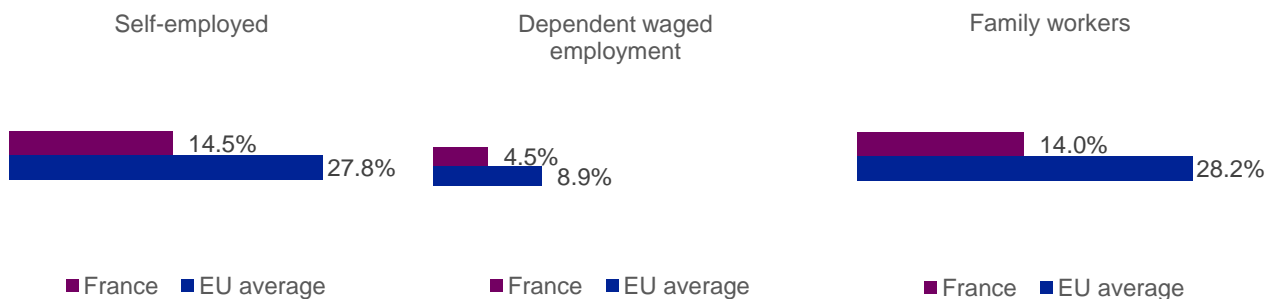
Source: Williams, C.C and Horodnic I.A. (2020). [Trends in the undeclared economy and policy approaches Evidence from the 2007, 2013 and 2019 Eurobarometer surveys](#), European Platform tackling undeclared work. Figure 10. Retrieved on 28 September 2022.

⁷ 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) estimates⁸ in France, measured as a share of total labour input, a lower percentage of waged employment is undeclared compared to the EU average (4.5% in France vs 8.9% for the EU-27). The proportion of self-employment (at 14.5%) as well as the proportion of family work (at 14%)⁹ that are undeclared are both lower than the EU-27 by almost half.

Figure 3. Prevalence of undeclared work in the private sector by type of employment relationship, France, 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 France in 2019 using the LIM estimates (see Figure 4),¹⁰ the proportion of undeclared labour input that is waged employment 46.2% (62.9% in the EU-27), 52.4% 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 1.3%¹¹ (0.8% in the EU-27). Therefore, compared with the EU-27, waged employment is a smaller proportion of undeclared work and self-employment a larger share.

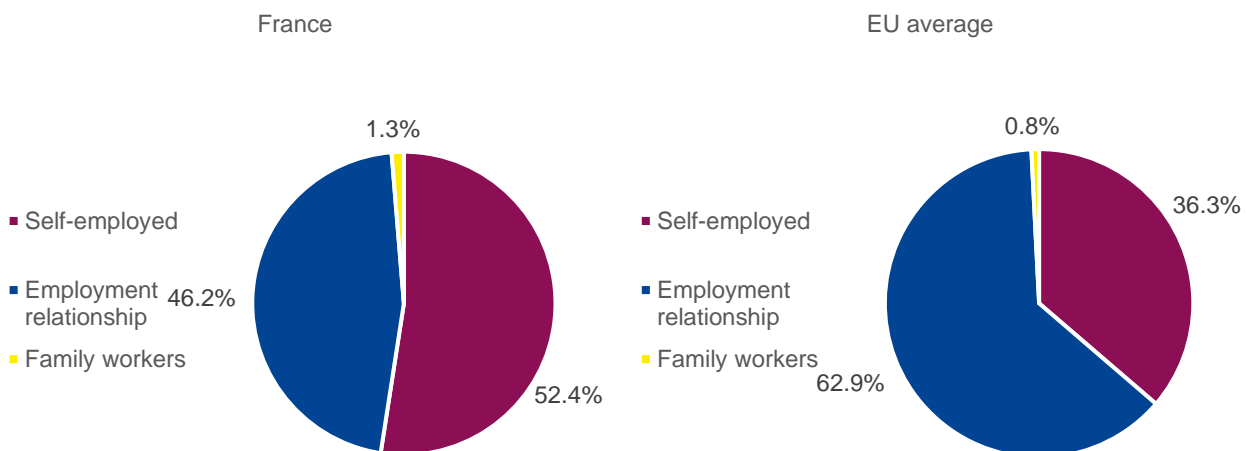
⁸ Franic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work.

⁹ This data (taken from the labour force survey), is based on a small sample, which might affect its statistical reliability.

¹⁰ Franic, J., Horodnic, I.A. and Williams, C.C. (2022).



Figure 4. Structure of the undeclared labour market in the private sector, France and EU-27, 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. Figure 8. Retrieved on 30 November 2022.

In France, there are some variations in the prevalence of unregistered employment by sector amounting to 3 % in agriculture, 3 % in construction and 2 % in services (all types).¹² More specifically, the French National Plan Against Illegal Labour (*Plan national de lutte contre le travail illégal*, PNLTI) focuses on the following sectors: agriculture, in particular harvesting and forestry work; construction and public works; hotels, cafes and restaurants; business services, in particular temporary work, guarding and private security companies; performance activities, including personal artists, technicians or other contributors; personal and household services (PHS) and transport.¹³

The 2019 Eurobarometer identifies three main sectors in which French citizens have paid for goods or services related to undeclared work: home repair and renovations (31 %), gardening (27 %) and hairdressing or beauty treatments (14 %).¹⁴

With regard to company size, some studies show that the smallest companies are more likely to be involved in undeclared work, although not all the research points in this direction. This conclusion is, however, supported through the analysis of random checks in the construction sector, where, in companies with over seven employees, fraud tends to decrease.¹⁵

Finally, platform work is particularly prevalent in France. It has been estimated that 11 % of citizens and residents in France are service providers on collaborative platforms.¹⁶ Studies by TNS Sofres in France report that only 15 % of those working in the platform economy declare their earnings.¹⁷

¹² Williams, C. C./ Horodnic, I.A., *Horizon scanning: early warning signals of future trends in undeclared work*, European Platform tackling undeclared work, June 2020, p. 24.

¹³ *Plan National De Lutte Contre Le Travail Illégal*, Partie 2 – Propositions 2019-2021. https://travail-emploi.gouv.fr/IMG/pdf/cnliti_2019_priorites_2019_2021.pdf, Accessed 30 November 2022.

¹⁴ Special Eurobarometer 498 – September 2019. *Undeclared Work in the European Union*, p. T19.

¹⁵ Conseil d'orientation pour l'emploi. *Le travail non déclaré*. Février 2019, p. 49. <https://www.strategie.gouv.fr/sites/strategie.gouv.fr/files/atoms/files/coe-synthese-travail-non-declare-fevrier-2019.pdf>, Accessed 30 November 2022.

¹⁶ Williams, C. C., Llobera, M., Horodnic I. A., *Tackling undeclared work in the collaborative economy and bogus self-employment Working Paper*. European Platform tackling undeclared work, March 2020, p.11.

¹⁷ De Groen, W.P., Maselli, I., *The Impact of the Collaborative Economy on the Labour Market*, Centre for European Policy Studies Special Report No 138, European Union, Brussels, 2016.



2.0 Institutional framework

2.1 Responsibilities and characteristics of organisations involved in tackling undeclared work

Table 1. Overview of key institutional features in France 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

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.¹⁸; [Comité interministériel anti fraude lutte contre le travail illégal. PNLTI 2019-2021 Bilan. Tome 1. Mars 2022./ PNLTI 2019-2021 Bilan. Tome 2 - Annexes.](#)

In France, several authorities are responsible for identifying, tackling and preventing undeclared work. Their action is coordinated by a single body, **the Inter-ministerial Anti-fraud Committee** (*le Comité interministériel anti-fraude*, CIAF), which has been responsible for the national strategy for tackling ‘illegal work’: the National Plan to Combat Illegal Employment (*Plan national de lutte contre le travail illégal*, PNLTI) established cross-government strategic objectives and KPIs (Key Performance Indicators).¹⁹

The national authorities in charge of implementing the PNLTI are the following:

- The **Labour Inspectorate** (*l’Inspection du travail*)²⁰, made up of civil servants belonging to the Ministry of Labour (*Le ministère du travail, de l’emploi et de l’insertion*)²¹. To carry out its mission, the labour inspection system relies on 1754 control officers (as of 31 December 2022), under the responsibility of the Regional Directorates for the Economy, Employment, Labour and Solidarity (*Directions régionales de l’économie, de l’emploi, du travail et des solidarités*, DREETS)²² and the Departmental Directorates for the Economy,

¹⁸ 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.

¹⁹ Plan National De Lutte Contre Le Travail Illégal, Partie 2 – Propositions 2019 – 2021, op.cit.; Comité interministériel anti fraude lutte contre le travail illégal. PNLTI 2019-2021 BILAN. Tome 2 – Annexes, op.cit.; (PNLTI will be updated in April 2023).

²⁰ Website to make an appointment with an agent Labour Inspectorate: https://travail-emploi.gouv.fr/IMG/pdf/dossier_de_presse_-_cnlti_-_8_juillet_2019.pdf, accessed 29 November 2022.

²¹ Le ministère du travail, de l’emploi et de l’insertion. <https://www.gouvernement.fr/le-ministere-du-travail-de-l-emploi-et-de-l-insertion>, accessed 29 November 2022.

²² DREETS. <https://dreets.gouv.fr/>, accessed 29 November 2022. Complaints regarding undeclared work can be submitted to the regional services of the Labour Inspectorate. Contact details can be found on: <https://inspection-du-travail.com/>, accessed 30 November 2022.



Employment, Labour and Solidarity (*Directions départementales de l'emploi, du travail et des solidarités, DDETS*).²³

The Labour Inspectorate's competence extends to all areas of activity covered by labour law, with the exception of mines and the civil service. The Inspectorate operates in all areas regulated by the Labour Code, which includes the fight against illegal work (Articles L.8211-1 to L. 8295-3 of the Labour Code).²⁴ Additionally, the Inspectorate has powers that extend to certain aspects of social security. It is the responsibility of inspectors to check that the contributions are correctly paid both under the general scheme (URSSAFs) and under the agricultural scheme (MSA). There is a specialised body in charge of more complex fraud cases: the **Regional unit in charge of the fight against illegal work** (*Unité de contrôle à compétence régionale chargée de la lutte contre le travail illégal, URACTI*), which is made up of several control agents intervening to support the inspectors and controllers in the fight against illegal work.

- ▶ The **Directorate-General for Labour** (*Direction générale du travail, DGT*)²⁵ coordinates the Inspection Units in each French *département* (administrative province), and has set up a Task Force dedicated to 'combating illegal work and related tax fraud'. Also, within the framework of the DGT, the **National Support and Monitoring Group** (*Groupe national de veille, d'appui et de contrôle, GNVAC*) is particularly active in cases having a national dimension. The GNVAC enforces the national plan at a local operational level, which is one of the priorities of the Labour Inspectorate's national action plan.
- ▶ **Social Security Agencies** (*Union de recouvrement des cotisations de sécurité sociale et d'allocations familiales, URSSAF*)²⁶, and *Caisse Centrale de la Mutualité Sociale Agricole, CCMSA*)²⁷ are in charge of collecting declared social security contributions and of recovering undeclared or under-declared social security contributions. Within the structure of the URSSAF, the Directorate for Regulation, Recovery and Control is responsible for steering policy to combat illegal work in the area of social security. In 2019, recovered social security contributions amounted to EUR 708 31 million and EUR 605 7 million in 2020. Surcharges for late payment amounted to EUR 164 million in 2019 and EUR 154 09 million in 2020. In total, the amount recovered since 2018 comes to EUR 1 955 billion. With regard to the agricultural regime, the amount of fraud detected in 2020 came to EUR 17 75 million, a figure that was 9.1 % higher than 2019.²⁸
- ▶ The **Central Agency for the Fight against Illegal Work** (*Office central de lutte contre le travail illégal, OCLTI*)²⁹ has agents who operate under the direction of the Gendarmerie and Police.³⁰ The role of OCLTI agents is to take part in the fight against illegal work in collaboration with the central office on irregular

²³ Inspection du travail. Bilan 2019 et 2020 et perspectives 2021, <https://travail-emploi.gouv.fr/archives/archives-presse/archives-communiqués-de-presse/article/inspection-du-travail-bilan-2019-et-2020-et-perspectives-2021#:~:text=L%27inspection%20du%20travail%20compte.contr%C3%B4le%20au%2031%20d%C3%A9cembre%202020>, accessed 20 November 2022.

²⁴ Information about the rights and obligations of employees and companies is available at: <https://drets.gouv.fr/>, accessed 30 November 2022. Administrative information and access to online services is available at: <https://www.service-public.fr>, accessed 30 November 2022. Answers to questions about labour law can also be found at: <https://code.travail.gouv.fr>, accessed 30 November 2022.

²⁵ Directorate-General for Labour (DGT) — GNVAC: 39-43 quai André Citroën, 75015 Paris: Head of GNVAC: Ms Agnès Leroy / dgt.gnvac@travail.gouv.fr, Accessed 21 November 2022.

²⁶ <https://www.urssaf.fr/portail/home.html>, accessed 20 November 2022.

²⁷ <https://www.msa.fr/lfp/organisation/conseil-administration-ccmsa>, accessed 29 November 2022.

²⁸ Comité interministériel anti fraude lutte contre le travail illégal. PNLT 2019-2021 Bilan. Tome 1, op.cit., p. 8.

²⁹ <https://lannuaire.service-public.fr/gouvernement/a63ed19c-4f61-4baa-825a-32a51d8cd223>, accessed 12 March 2023
contact: oclti@gendarmerie.interieur.gouv.fr

³⁰ For reporting undeclared work, a complaint to the police can be submitted in the online form: <https://www.pre-plainte-en-ligne.gouv.fr/>, accessed 30 November 2022. The Gendarmerie can also be contacted at: bnm.rennes@gendarmerie.interieur.gouv.fr.



migration; while the supervision of national policy on migrants is carried out by the Ministry of the Interior's DNEF (*Direction nationale des étrangers en France*).

- ▶ Finally, civil servants within the **Tax and customs administration** participate in the fight against illegal work and immigration. Coordination is ensured at a local level, by the regional operational anti-fraud committees (*Comités opérationnels départementaux anti-fraude*, CODAF).^{31,32} In 2019, CODAFs registered 5 262 proceedings on account of illegal work, which was a decrease of 4 % compared to 2018 (with falls of 7 % between 2017 and 2018, and of 14 % between 2016 and 2017). The URSSAF initiated 32 % of the proceedings. The other three control bodies have similar numbers, with 25 % for the Labour Inspectorate, 21 % for the Gendarmerie and 19 % for the Police. The characteristics of the proceedings have been fairly stable since 2013: slightly fewer than two thirds of them are carried out at the initiative of the control officers (60 % in 2019, 62 % in 2018, 2017 and 2016, 65 % in 2015).³³

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

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
Establishing relevant contacts through their networks of members	Yes
Serving as access points to corporate databases	No

³¹ <https://www.economie.gouv.fr/codaf-comites-operationnels-departementaux-anti-fraude#>, accessed 8 December 2022.

³² See ELA Good practice fiche – France - [Tackling fraud through improved institutional cooperation](#).

³³ Comité interministériel anti-fraude lutte contre le travail illégal. PNLTI 2019-2021 Bilan, Tome 2, op.cit., Annexes, Analyse de la verbalisation du travail illégal en 2019, mars 2022, p. 8.



Conduct workplace inspections	No
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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
Directorate-General for Labour (DGT)	Decision of the Minister of Labour of 4 July 2022 ³⁴
Labour Inspectorate	Articles L8112-1 to L8124-1, Labour Code
Regional anti-fraud operational committees	Decree 2020-872, of 15 July 2020, ³⁵ Decision 12 October 2020 ³⁶
National Support and Monitoring Group	Article R8121-15, Labour Code

Sources: 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 France

Decree no. 2020/872, of 15 July 2020, created a new coordination structure to replace the former National Delegation for the Fight against Fraud (DNLF), establishing the following new bodies:³⁷

- Firstly, the Interministerial Anti-fraud Coordination Mission (*Mission interministérielle de coordination anti-fraude*, MICAF)³⁸, responsible for ensuring the proper coordination at national level of all authorities involved in the fight against tax fraud and social fraud. The MICAF is placed under the authority of the Minister of Finance, in cooperation with other Ministries and bodies concerned, and in particular with social protection bodies.
- Secondly, the Interministerial Anti-fraud Committee (*Comité interministériel anti-fraude*, CIAF), chaired by the Prime Minister, which includes the ministers responsible for the budget, labour, social security, health, justice, interior, immigration, agriculture and transport. Among other issues, the CIAF is responsible for issues relating

³⁴ Arrêté du 4 juillet 2022 relatif à l'organisation de la direction générale du travail. JORF n°0159 du 10 juillet 2022.

³⁵ Décret n° 2020-872 du 15 juillet 2020, JORF n° 17 juillet 2020.

³⁶ Arrêté du 12 octobre 2020 fixant la composition dans chaque département des comités opérationnels départementaux antifraude. JORF n° 0253 du 17 octobre 2020.

³⁷ The decree of 15 July 2020 describes the institutional organization set up at national and departmental level, specifying the missions and roles of each of the structures under this organization.

³⁸ Mission interministérielle de coordination anti-fraude, <https://www.economie.gouv.fr/micaf>, Accessed 17 November 2022.



to the fight against illegal employment, separate from the themes and priorities for action of the national anti-fraud operational groups and the regional anti-fraud operational committees.

In particular, it determines the guidelines for control and prevention relating to the fight against illegal employment and oversees their coordinated implementation. On these specific questions, the interministerial committee is chaired, in the event of the absence or impediment of the Prime Minister or his/her representative, by the minister in charge of Labour or his/her representative. In this framework, the committee hears the representatives of professional organisations of employers and trade union organisations at national and sectoral level.

- ▶ Thirdly, the Anti-fraud Operational Committees (*Comités opérationnels départementaux anti-fraude*, CODAFs)³⁹ coordinate with each other in the fight against fraud at the local level; these were in place before the enactment of Decree 2020/872. The CODAFs bring together all national authorities (police, gendarmerie, prefectures, tax, customs and labour services) and local social protection organisations. The CODAFs are chaired by the 'prefect'⁴⁰ and the public prosecutor of each department. Their mission is to improve the mutual sharing of data, to organise joint operations and exchanges of information, to offer training and to share experiences. In 2020, the CODAFs made it possible to carry out 6 355 coordinated checks and 13 711 information exchanges, which led to the recovery of EUR 186 7 million in social security contributions.⁴¹ Developing joined-up operations with other national organisations is a clearly defined strategic objective of French enforcement authorities, which includes coordination of data mining and information sharing across government departments.
- ▶ In addition, there is another inter-ministerial structure organised into thematic anti-fraud task forces (eleven *Groupements opérationnels nationaux*, GONAFs), in which the directorates of the central administration play a co-steering role. The task force is dedicated to 'combating illegal work and related tax fraud' and led by the Directorate-General for Labour (DGT).⁴²
- ▶ Likewise, the *Office central de lutte contre le travail illégal* (OCLTI), set up within the Ministry of the Interior, provides support to police forces in the fight against illegal work, in coordination with and answering to the Directorate-General for Labour. OCLTI is also the permanent French contact point with EUROPOL.⁴³

France has also developed an interagency approach to training. In partnership with other relevant public bodies, the National Institute of Labour, Employment and Vocational Training (*Institut National du Travail, de l'Emploi et de la Formation Professionnelle*, INTEFP)⁴⁴ provides specialised inter-institutional training. This training is based on pooling practices from a mixed group of the professionals involved in the fight against undeclared work. Its main objective is to promote the sharing of knowledge, analysis, tools, skills and working methods between the participants from different bodies. The training modules are intended for the staff of all social protection bodies including special schemes, administrations or organisations.⁴⁵

This training covers analysis of illegal work cases and improving evidence-gathering and interviewing techniques. The programme includes modules on control methodologies, road transport, international provision of services,

³⁹ <https://www.economie.gouv.fr/micaf/missions-des-codaf>, Accessed 17 November 2022. MICAF: contact.micaf@finances.gouv.fr

⁴⁰ The 'prefect' directs the action of the State in a French *département*.

⁴¹ Mission interministérielle de coordination anti-fraude. Missions des CODAF. <https://www.economie.gouv.fr/micaf/missions-des-codaf>, Accessed 17 November 2022.

⁴² Ibid.

⁴³ OCLTI: oclti@gendarmerie.interieur.gouv.fr.

⁴⁴ INTEFP, <https://www.intefp.travail-emploi.gouv.fr/>, Accessed 17 November 2022.

⁴⁵ Scharle, A./Vanden Broeck, P., in collaboration with Anna Manoudi, A., ICF. *Toolkit on competence profiles of labour inspectorates and inspectors in tackling undeclared work*. European Platform tackling undeclared. Luxembourg: Publications Office of the European Union, 2020, p. 24.



false subcontracting, agriculture and the illicit exercise of regulated professions such as ambulance drivers and private security agencies. The trainers are experienced labour inspectors, magistrates and agents from other supervisory bodies.⁴⁶

The INTEFP also contributes to 'awareness-raising measures in the fight against fictitious companies' implemented by the National School of Public Finance (ENFIP) and this collaboration has been ongoing since 2017.⁴⁷

Moreover, coordination with the Service for Intelligence Processing and Action against Clandestine Financial Channels (*Traitement du renseignement et action contre les circuits financiers clandestins*, TRACFIN)⁴⁸ has been enhanced. In 2019, TRACFIN sent 237 information notices to social security authorities, and in 2020 it sent 181, signalling presumed undeclared amounts involving EUR 205 million and EUR 127 million, respectively. TRACFIN works with the URSSAF, the main recipient of TRACFIN's information notices. Fraud involving social security contributions accounts for the majority of the notices transmitted so far (139 files in 2020), and these relate to undeclared workers, undeclared income from a professional activity or the partial declaration of a professional activity.⁴⁹

2.2.3 Cooperation with other Member States

France cooperates with other Member States, mainly through conducting concerted and joint inspections. It has the highest number of bilateral agreements (BAs) and memoranda of understanding (MoUs) among all Member States, including provisions to tackle cross-border undeclared work and fraudulent posting.⁵⁰ BAs and MoUs have been signed with the Benelux countries (Belgium, the Netherlands and Luxembourg), the border states (Germany, Spain, Italy), as well as Bulgaria and Portugal, both in 2017. Steering committees meet at least once a year within each State. Among other issues, these Agreements provide the legal framework for cross-border joint inspections; however, during a joint inspection conducted in France, a visiting inspector only has the competences of an observer. Information provided through the IMI system can be used as evidence in administrative proceedings and before a court.⁵¹ Cooperation is also particularly intense with Switzerland, account given to the fact that France and Switzerland share nearly 600 km of common border. The Franco-Swiss Group has been offering for years a framework for resolving technical issues related to the application of EU-Switzerland free movement provisions.⁵²

France closely collaborates with the labour inspectorate of Portugal, the main Member State sending workers to France (374 000 working-age Portuguese were located in France in 2017) and with the Benelux countries, particularly Belgium⁵³ (72 000 Belgian workers resided in France and 108 000 French workers resided in Belgium in 2017).⁵⁴ 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). French and Bulgarian labour authorities also actively work together to help seasonal workers posted from Bulgaria to France in the

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ <https://www.economie.gouv.fr/tracfin#:~:text=TRACFIN%20est%20un%20service%20de,et%20le%20financement%20du%20terrorisme>, Accessed 17 November 2022.

⁴⁹ Comité interministériel anti fraude lutte contre le travail illégal. PNLTI 2019-2021 Bilan. Tome 1, op.cit., p. 36.

⁵⁰ Williams, C. 2018. *European Platform Undeclared Work Survey Report: obstacles to tackling undeclared work at the cross-border and national levels, bilateral and national agreements, and complaint reporting tools*, May 2018, p. 40.

⁵¹ European Labour Authority, *Guidelines for concerted and joint inspections*, December 2020, ELA/MB/2020/057.

⁵² [Rapport FlaM 2021](#). Mise en oeuvre des mesures d'accompagnement à la libre circulation des personnes entre la Suisse et l'Union européenne. Rapport d'exécution. 9 juin 2022.

⁵³ See ELA good practice fiche – France - [Administrative Cooperation Agreement between Belgium and France](#).

⁵⁴ Stefanov, R./ Mineva, D./ Terziev P. Vitosha, in collaboration with ICF. *Cross-border actions tackling undeclared work*, 2019. European Platform tackling undeclared work, p. 29.



agricultural sector⁵⁵. Both countries collaborate on information campaigns, and Bulgarian labour inspectors are frequently invited to France to participate in inspections and raise awareness among Bulgarian workers.⁵⁶

France also actively participated in the information and awareness campaign for visiting workers in agriculture, that took place between 15 June and 30 October 2021. An information brochure translated into ten languages is available on the websites of the Ministry of Labour, DREETS/DDETS and trade unions, it has also been spread on social networks.⁵⁷

At sectoral level, the European [project called 'Tackling Undeclared Work in the Construction Sector' \(TUWIC\)](#) has brought together employers' federations, trade unions and enforcement authorities in the construction industry in seven countries: Austria, Belgium, Bulgaria, France, Italy, Romania and Spain. In each country, trade unions, employers' federations and enforcement authorities in the construction sector worked together to develop a range of policy initiatives across the full spectrum of possible measures to tackle undeclared work in the sector. This project finalised 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.⁵⁸

Finally, to obtain lasting results, in 2021 the Ministry of Labour adopted a new approach to engage social partners in the implementation of the PNLTI in activities related to posting of workers, by offering alternatives that help companies to meet the labour force needs, while maintaining targeted controls.⁵⁹ At the end of 2021, 4 national agreements with the social partners were signed in the following sectors: construction, HRS (hotels, restaurants and cafés), moving and removal companies (*'entreprises de déménagement'*) and agriculture. At regional or departmental level, 104 agreements have been signed in the following sectors: 42 % in construction, 21 % in wood and landscaping, 9.6 % in moving and removal companies and 5 % in HRS. Negotiations with the temporary work sector and the private security sector are also under consideration.⁶⁰

3.0 Policy focus and measures

3.1 Policy approach

In France, the policy framework is defined in the National Action Plan against Illegal Work 2019-21 (*Plan national de lutte contre le travail illégal*, PNLTI),⁶¹ developed through national, social and institutional dialogue. The PNLTI, which will be updated in April 2023, consists of 34 initiatives grouped in the following four strategic objectives:

1. To strengthen controls in risk sectors.

This strategic objective includes the following initiatives: (a) to prioritise sectors where 'illegal work' is more prevalent; (b) to combat human trafficking; (c) to tackle 'fake' statutory situations (bogus volunteers, bogus self-employed workers, bogus trainees, etc.); (d) to improve control over employers of foreigners without authorisation

⁵⁵ See ELA Good Practice fiche – France - [Bilateral Agreement of Cooperation with Bulgaria to tackle undeclared work](#).

⁵⁶ European Labour Authority, *Different forms of cross-border undeclared work, including through third-country nationals*, September 2021, p. 42.

⁵⁷ *Ibid.*, p. 23.

⁵⁸ [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.

⁵⁹ *Ibid.*, p. 24.

⁶⁰ Plan National De Lutte Contre Le Travail Illégal, Partie 2 – Propositions 2019 – 2021, op.cit., p. 29.

⁶¹ Plan National de Lutte Contre le Travail Illégal. Bilan 2016-2018 et priorités 2019-2021, 8 July 2019. https://travail-emploi.gouv.fr/IMG/pdf/dossier_de_presse_-_cnlti_-_8_juillet_2019.pdf, Accessed 30 November 2022.



to work; (e) to effectively communicate the activities of the various control bodies to those in the social security organisations.

2. To prevent companies from engaging in 'illegal work' and fraudulent posting.

This strategic objective includes the following initiatives: (a) to provide complete and accessible information to enable employers and employees to better understand their rights and obligations; (b) to negotiate framework agreements with employers' organisations and trade unions; in particular, in priority sectors; (c) to publish a 'black list' of companies involved in 'illegal work' on the website of the Ministry of Labour.

3. To enhance the effectiveness of controls.

This strategic objective includes the following initiatives: (a) the evaluation and mapping of risks, in order to better organise control activities; (b) cooperation with the control bodies of the countries sending posted workers, to ensure the effective payment of wages and contributions; (c) prevention of recidivism; (d) effective application of complementary sanctions (in this regard, the 2019 Social Security Financing Act established a system where the greater the number of workers involved in undeclared work, the higher the sanctions imposed). In addition, recovery increases are applicable in the event of a repeat offence within 5 years of up to 60 % of the initial amount.

4. To implement fully coordinated action.

This strategic objective includes the following initiatives: (a) to provide all control bodies responsible for tackling 'illegal work' with access to tax and social databases; (b) to provide all control bodies with access to the various databases relating to the posting of workers; (c) to obtain data held by third parties (energy suppliers, internet providers, telephone operators, etc.) in order to gather evidence for the detection of infractions; (d) to broaden the powers of control agents of the agricultural social protection scheme; (e) to train judges on issues related to illegal work and to posting.

To this effect, several quantitative targets are established, in particular, the following: (a) every year, at least 7 200 sanctioning procedures must be initiated; (b) every year, 50 % of activities must be joint actions involving different authorities; (c) every year, the Labour Inspectorate must carry out 24 000 inspections to tackle 'illegal work' and an equal number to tackle irregularities in international provision of services (posting of workers).

3.2 Main policy measures

France has put in place a broad range of policy measures to transform undeclared work into declared work, including direct controls that deter engagement in undeclared work by increasing the risks of detection and penalties, as incentives to make declared work easier and more beneficial. Recent initiatives include measures in the following areas:

► General reinforcement of the legal framework

The legal framework has been strongly reinforced in recent years by the reform of the Labour Inspectorate. The reform of the labour inspection system, implemented at the beginning of 2015, strengthens the response to increasingly complex forms of social fraud, with the creation of specific units under the Labour Inspectorate's organisation. There is now one unit per region and a national group of inspectors oversees the coordination of actions and works on sensitive cases.⁶²

⁶² See [Reform of the Labour Inspectorate](https://www.ela.europa.eu/en/undeclared-work/virtual-library) (2017). Good Practice. European Platform tackling undeclared work. <https://www.ela.europa.eu/en/undeclared-work/virtual-library>.



Moreover, France has established a ‘black list of companies’ which have committed a criminal offence related to ‘illegal work’, which is accessible to the public at the Ministry of Labour’s website. Forty-two final decisions rendered by criminal courts between December 2019 and December 2021 were published on the Ministry of Labour website (<https://liste-noire.travail-emploi.gouv.fr/>). Companies listed therein are also excluded from bidding for public procurement contracts.⁶³

► Posting of workers

Posting regulations have been thoroughly reinforced to better guarantee employees’ rights and strengthen controls. Decree No. 2019-555 of 4 June 2019 includes measures to ease posting formalities, stricter measures applicable to situations of fraud and measures specific to the road-transport sector. Likewise, the Law of 24 December 2019 also strengthens the effectiveness of the fight against undeclared work and fraudulent posting by temporary agencies in the agricultural sector.⁶⁴

Furthermore, in order to reinforce the coordination of the action of all responsible authorities, a technical solution (“API”) has been offered to other control bodies responsible for the fight against illegal work, in order to allow them to consult since 2019 the SIPSI database. The declarations of posting provided to the Labour Inspectorate are centralised in the SIPSI database. The API (Application Programming Interface) is a technical solution allowing different information systems to exchange data, even if they do not have the same technical architecture. Thus, it allows the comparison of the declarations of posting with the equivalent data on the social security side (contained in A1 certificates).⁶⁵

France has also implemented an effective diversity policy. Citizens from third countries have been hired as inspectors, including people with a Moroccan, Turkish, or Romanian background. Such diversity can be a major advantage for handling specific cross-border cases, since they understand more than one culture. Having diverse staff in terms of gender, ethnic origin, age and other parameters can also generate better acceptance of inspectors in a globalised working world.⁶⁶

► The collaborative economy

As regards the collaborative economy, important measures have also been adopted in France. From 2019 all online platforms (whether based in France or abroad, and regardless of the type of business) are obliged to notify the earnings of the service providers directly to the tax authorities. The tax administration provides such information to the URSSAF, enabling it to determine whether social contributions are due, depending on the level of income perceived. Only income above EUR 3 000 and involving more than 20 transactions per year are deemed liable. Besides, the social security authority (URSSAF) can demand from platforms the list of service providers that receive payments through the platform.⁶⁷

The Labour Code was also amended 2015 to establish a rebuttable presumption of the self-employed status of people working through platforms (article L.8221-6)⁶⁸; and social protection and labour rights have been granted

⁶³ Article L8224-3 of the Labour Code.

⁶⁴ Law 2019-1446 of 24 December 2019 expands the competences of the control officers of the collection branches of the Social Security, to allow them to intervene in situations of undeclared concealed work or fraudulent use of posting whatever the employee’s affiliation scheme is. Ordinance No. 2019-116 of 20 February 2019; decree 2020-916 of 28 July 2020 relating to posted workers and the fight against unfair competition and the decree of 28 July 2020 establishing the list of information mentioned in IV of article L. 1262-2-1 of the labour code. There are also developments of the regulatory framework in the road transport sector (article 25 of Law 2021-1308 of 8 October 2021, and Decree 2022-104) and in the air transport sector (Decree 2021-1483).

⁶⁵ Comité interministériel anti-fraude lutte contre le travail illégal. PNLTI 2019-2021 Bilan. Tome 1, op.cit. 12-13.

⁶⁶ Toolkit on competence profiles of labour inspectorates and inspectors in tackling undeclared work, op. cit., p. 31.

⁶⁷ Williams, C./ Llobera, M./ Horodnic, I., op.cit., p. 43. [URSSAF Ile de France \(Paris Office\)](https://www.ela.europa.eu/en/undeclared-work/virtual-library) (2017). Good Practice. European Platform tackling of Undeclared Work. <https://www.ela.europa.eu/en/undeclared-work/virtual-library>.

⁶⁸ Loi n° 2015-991 du 7 août 2015 - art. 15; and amended by Ordonnance n°2021-1189 du 15 septembre 2021 - art. 35.



to self-employed platform workers (such as mandatory work-accident insurance, access to training, the right to take collective action and to representation).⁶⁹

► Preventive activities

Equally important, preventive measures have been adopted in France to improve the ease and benefits of participating in the declared economy. Firstly, amnesties have been offered on an individual basis to those voluntarily disclosing their previous undeclared work.⁷⁰ Secondly, businesses are offered help with record keeping, with the provision of fact sheets on record-keeping requirements and free advice on record keeping.⁷¹ Thirdly, direct tax incentives and targeted indirect tax incentives are applied to purchasers of declared goods and services to tackle undeclared work.⁷²

Further measures to promote a culture of commitment to operating in the declared economy include campaigns informing⁷³:

- suppliers and users of undeclared work of the risks and costs of undeclared working;
- suppliers and users of the benefits of declaring their work;
- users of undeclared work of the problems of purchasing goods and services in the undeclared economy.

Likewise, since the start of the 1990s, to promote declared work in the personal and household services (PHS) sector, successive French governments have sought to subsidise the cost of employing workers who provide PHS via a service voucher scheme (*Chèque Emploi Service Universel*, CESU)⁷⁴. The CESU keeps the bureaucratic procedures simple and reduces the employers' costs, with employers being able to claim an income tax reduction of 50 % of the amount spent on purchasing the cheques up to a maximum of EUR 1 830. The CESU offers a very significant opportunity to shift PHS into the declared market economy. In fact, one third of new users of service vouchers are using domestic services for the first time, while two thirds of new users of the vouchers were formerly employing persons on an undeclared basis.⁷⁵

► Evaluation

Following the reform of the labour inspection system in 2015, France's Labour Inspectorate (*Direction générale du travail*, DGT), focused on evaluation as key in improving and modernising the organisation. Two evaluation projects were used in 2014 to develop a general evaluation process applicable and transferrable to all the activities of the organisation. As a result, a new evaluation and monitoring unit was created. This unit ensures that regional evaluations are coherent, supports their implementation and promotes the visibility of the results both within and outside the organisation. In early 2019, to support capacity building in regional directorates, the evaluation unit organised training on specific evaluation measures for regional staff and published a guide to evaluating measures implemented by their Labour Inspectorate.⁷⁶

⁶⁹ Hauben, H./ Bvba, E., in cooperation with ICF. Tools and approaches to tackle undeclared work in the collaborative economy. Learning resource paper from the thematic review workshop on undeclared work in the collaborative economy 19-20 May 2021, p. 8.

⁷⁰ European Platform Undeclared Work, *Elements of a preventative approach towards undeclared work: an evaluation of service vouchers and awareness raising campaigns*, May, 2018. <https://www.ela.europa.eu/en/undeclared-work/virtual-library>, p. 19.

⁷¹ Ibid., p. 26.

⁷² Ibid. p. 27 y p. 29.

⁷³ Ibid. p. 56, p. 69; and p. 64, p. 70.

⁷⁴ [Universal Service Employment Voucher \(Chèque emploi service universel, CESU\)](https://www.ela.europa.eu/en/undeclared-work/virtual-library) (2018). France. Good Practice. European Platform tackling of Undeclared Work. <https://www.ela.europa.eu/en/undeclared-work/virtual-library>.

⁷⁵ Elements of a preventative approach towards, op.cit, p. 41-42.

⁷⁶ Toolkit on competence profiles of labour inspectorates and inspectors in tackling undeclared work, op. cit., p. 7.



The 2019/2021 PNLTI defines the applicable key performance indicators (KPI) in order to establish whether and how far its strategic objectives are being achieved. These are, in particular, the following: (a) the number of sanctions imposed for infractions related to ‘illegal work’ and fraudulent posting; (b) the total amount of social security contributions claimed; (c) the total amount of social security contributions recovered; (d) the number of joint operations at national level to tackle ‘illegal work’; (e) the number of monthly interventions by the Labour Inspectorate.⁷⁷ Every year the Interministerial Anti-fraud Committee (CIAF) publishes an exhaustive report evaluating the achievement of cross-government strategic objectives and KPIs.⁷⁸

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

3.3 Good practices⁷⁹

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 France:

- ▶ [Evolution of the Labour Code’s provisions governing the exchange of information in the fight against illegal work](#) (2020). Article L.8271 of the Labour Code was introduced in 2011. Afterwards it was amended in 2013 and in 2016. New provisions (a) provide labour inspectors with broadened powers, allowing them to carry out control action on their own initiative; (b) reinforce the competences of the authorities responsible for tackling illegal, allowing them to inspect subcontractors; (c) allow enforcement bodies to share any information and documents they consider necessary; (d) widen fields of investigation in order to grant enforcement bodies access to information held by authorities not covered by Article L.8271; and (e) enhance international cooperation, allowing labour inspectors to exchange information with their foreign counterparts directly or through the European and International Social Security Liaison Centre.
- ▶ [Joint control action between the Ministry of Labour and the Ministry of Transport in the transport sector](#) (2018). Joint control in road-freight transport is a procedure for controlling and combating fraud and illegal work, resulting from interministry cooperation through local bodies. Inspection teams are composed of labour inspectors, land transport controllers, and police agents. After field work, the inspection team checks and shares the information. As each service has the same information, this enables them to apply the sanctions in their respective fields of competence. For more complex cases, the Labour Inspectorate informs the National Observation, Support and Control Group (*Groupe nationale de veille, d’appui et de contrôle*, GNVAC). This unit brings its expertise especially for cases of illegal work on a large scale.

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

3.4 Challenges and barriers

In recent years, according to the French Advisory Council for Employment (*Conseil d’orientation pour l’emploi*, COP), the policy applied in France to tackle undeclared work has been characterised by stronger controls and sanctions; by focusing on certain emerging frauds likely to be particularly widespread and destabilising, such as fraudulent posting; and on undeclared work with high visibility and symbolism in certain sectors. Though this orientation is legitimate, the COP considers that the approach needs to be reconsidered or at least broadened:

⁷⁷ Commission nationale de lutte contre le travail illégal. Plan National de Lutte Contre Le Travail Illégal. Partie 2 – Propositions 2019 – 2021, op.cit., p. 33.

⁷⁸ Rapports | Lutte contre le travail illégal et la fraude au détachement. <https://travail-emploi.gouv.fr/demarches-ressources-documentaires/documentation-et-publications-officielles/rapports/article/rapports-lutte-contre-le-travail-illegal-et-la-fraude-au-detachement>, Accessed 30 November 2022.

⁷⁹ [Virtual library | European Labour Authority \(europa.eu\)](#).



deterrence must be accompanied by a cumulative push towards prevention and encouragement, and the policy should address all forms of undeclared work.⁸⁰

Another challenge relates to the enforcement difficulties, at cross-border level, arising from different definitions of bogus self-employment across countries. Such differences make tackling cross-border bogus self-employment a difficult task. The French respondent in the 2019 annual Platform survey pointed out a singular example where a worker was classified as independently self-employed in Belgium, but as an employee in France.⁸¹ Thus, clearer and harmonised definitions would facilitate tackling such type of fraud.

At national level, there are also disparities as regards the consideration of ride-hailing workers working for digital platforms as employees. In 2020, France's highest court, the *Cour de Cassation*, found that an Uber driver was an employee of that platform.⁸² In contrast, the *Cour d'Appel de Lyon* on 15 January 2021 established that an Uber driver is not an employee. Similarly, the *Cour d'Appel de Paris* on 17 April 2021 did not classify a Deliveroo rider as an employee.

On the whole, the fight against undeclared work has benefited from the transformation of the organisation of the Labour Inspectorate and the setup of conditions for the effective coordination of all the authorities responsible for combating illegal work. However, to achieve a more holistic approach, certain aspects need continual reinforcement, including raising awareness and a policy which focuses on improving tax morality, which should prove even more effective in the long term.⁸³

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

	Tax morale*	Horizontal trust**	Vertical trust: Tend to trust tax authority***	Vertical trust: Tend to trust labour inspectorate***
France	8.53	33 %	60 %	61 %
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 France are provided in Annex 2.

⁸⁰ Conseil d'orientation pour l'emploi. Le travail non déclaré. Février 2019, p. 148.

⁸¹ Williams, C./ Llobera, M./ Horodnic, I., op.cit., p. 59.

⁸² Arrêt no 374 du 4 mars 2020 (19-13.316) – Cour de cassation – Chambre sociale.

⁸³ Windebank, J./ Horodnic, I. A., Explaining participation in undeclared work in France: lessons for policy evaluation, *International Journal of Sociology and Social Policy*, Vol. 37 No. 3/4, 2017, pp. 203-217.



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	No
Use of penalties to transform undeclared work into declared work	No
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')	Yes
Previous non-compliance excludes firms from bidding for public procurement contracts	Yes
'Naming and shaming' lists	Yes
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	No
Data matching and sharing to identify risky businesses	No
Use data mining to determine risky businesses for inspection	No
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) ⁸⁴	No

⁸⁴ [Information and tools for working declared | European Labour Authority \(europa.eu\)](https://european-labour-authority.europa.eu/information-and-tools-for-working-declared)



Certification of business, certifying payments of social contributions and taxes	No
Notification letters	No
Mandatory ID in the workplace	No
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	No
'Formalisation' support services to existing businesses	No
Targeted VAT reductions	Yes
Provide free record-keeping software to businesses	No
Provide fact sheets on record-keeping requirements	No
Provide free advice/training on record-keeping	No
Gradual formalisation schemes	No
Initiatives to ease transition from unemployment into self-employment	No
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)	
Service vouchers	No
Targeted direct tax incentives (e.g., income tax reduction/subsidy)	Yes
Targeted indirect taxes (e.g., VAT reductions)	Yes
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	No
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	No
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	No
Public information on the work and achievements of the enforcement authorities	No

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 France. 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

FRANCE				
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))	1.48	1.37	■	-
2. Formal institutions acting in a corrupt manner				
Corruption Perceptions Index (CPI) (0-100 (very clean)) *	71	69	■	-
Control of corruption (-2.5 to 2.5 (strong performance))	1.43	1.28	■	-
II. FORMAL INSTITUTIONAL VOIDS AND WEAKNESSES				
1. Modernisation Explanation - Level of ‘development’				
GDP (current prices, euro per capita)	29 930	35 970	■	31 300
Human Development Index (HDI) (0-1 (highest development))	0.872	0.905	■	-
Social Progress Index (SPI) (0-100 (high)) **	87.10	86.35	■	-
Self-employment (% of total employment)	10.2	11.3	■	13.4
2. State intervention				
Burden of government regulation (1-7 (best))	2.3	3.6	■	-
Business flexibility index (0-10 (high))	7.21	7.56	■	-
Expense of government (% of GDP)	48.0	46.3	■	36.6
Research & Development expenditure (% of GDP)	2.21	2.19	■	2.23
Tax revenue (% of GDP)	20.7	24.5	■	19.7
Social contributions (% of revenue)	43.8	38.4	■	33.0
Impact of social transfers on poverty reduction (%)	46.25	42.13	■	32.38
Labour market policy (LMP) expenditure (% of GDP)	2.85	2.60	■	1.65
Unemployment rate (% of active population)	9.1	8.4	■	6.8
People at risk of poverty/social exclusion (% of total population)	18.5	17.9	■	20.9
Severe material deprivation rate (% of total population)	5.6	4.7	■	5.5
Inequality of income distribution (income quintile share ratio)	4.42	4.27	■	4.99
Gini coefficient (0-100 (perfect inequality))	29.9	29.2	■	30.2
Labour productivity (% change on previous period)	-1.8	0.6	■	0.7
III. FORMAL INSTITUTIONAL POWERLESSNESS				
Reliability of police services (1-7 (best))	5.7	5.3	■	-
Judicial independence (1-7 (best))	4.8	4.9	■	-
Rule of law (-2.5 to 2.5 (strong performance))	1.45	1.40	■	-
Regulatory quality (-2.5 to 2.5 (strong performance))	1.21	1.44	■	-
Voice and accountability (-2.5 to 2.5 (strong performance))	1.24	1.12	■	-
Trust in Government (% tend to trust)	22	24	■	35
Trust in Parliament (% tend to trust)	28	27	■	34
IV. FORMAL INSTITUTIONAL INSTABILITY AND UNCERTAINTY				
Democracy Index (0-10 (full democracy)) ***	7.77	8.12	■	-
Political stability (-2.5 to 2.5 (strong performance))	0.51	0.30	■	-
B. INFORMAL INSTITUTIONS				
Social capital (0-100 (high))	58.6	55.8	■	-
Tax compliance (0-10 (high))	8.52	8.44	■	-
	Year:	2013	2019	
Acceptability of undeclared work (% total ‘unacceptable’)				
Firm hires worker on undeclared basis		85	79	82



Undeclared work by firm for firm	90	83		85
Undeclared work by individual for private household	70	64		67
Undeclared work by firm for private household	85	80		82
Someone partially or completely conceals their income	84	71		78
Personally know people engaged in undeclared work (% 'yes')	38	33		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.