



# Factsheet on undeclared work – HUNGARY

**March 2023**

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<sup>1</sup> This is an update of the [2017 factsheet](#)



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

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# 1.0 Nature and estimated scale of undeclared work

## 1.1 Legal definition

The Hungarian government's employment strategy for 2014-2020<sup>2</sup>, refers to undeclared work as employment that is not reported to the national authorities, also calling it 'black work', as commonly referenced in Hungary.<sup>3</sup> It also mentions envelope wages as a common form of the grey economy, thereby making a reference to the phenomenon of under-declared work.<sup>4</sup>

## 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 methodologies<sup>5</sup>.

Examining the extent of undeclared work based on the Labour Input Method (LIM) estimates,<sup>6</sup> in 2019, 16 % of the total labour input in Hungary's private sector was undeclared – compared to 17.3 % in 2013. This means that the proportion of undeclared work between 2013 and 2019 is estimated to have decreased in Hungary, showing some level of progress in tackling undeclared work. However, all estimates of undeclared work in Hungary still remain higher than the EU-27 averages as illustrated in Figure 1 below.

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<sup>2</sup> The Hungarian Government's Employment Strategy for 2014-2020. Available at [https://ngmszakmaiteruletek.kormany.hu/download/a/4c/c0000/Fogl\\_Strat\\_14-20\\_elfogadott.pdf](https://ngmszakmaiteruletek.kormany.hu/download/a/4c/c0000/Fogl_Strat_14-20_elfogadott.pdf), accessed 18 November 2022.

<sup>3</sup> 'Feketemunka', 'feketefoglalkoztatás' and 'be nem jelentett munkavégzés / munkavállalás' (meaning not reported / undeclared work) are the Hungarian terms most often used in referring to undeclared work. In line with this, a recent systematic literature review provides an extensive summary of the terminology used for defining undeclared work in general, highlighting the most common terms used in Hungary as well (black, grey, hidden, second, shadow, underground economy): Éva Fenyvesi and Judit Bernadett Vágány (2020): A rejtett gazdaság néhány területének szisztematikus szakirodalmi áttekintése. In: Közgazdasági Szemle, LXVII. évfolyam, May 2020 (p. 512–532). Available at <http://dx.doi.org/10.18414/KSZ.2020.5.512>.

<sup>4</sup> 'Szürke foglalkoztatás / gazdaság' is the Hungarian term for under-declared – that is, only partially declared – work, whereas envelope wages are known as 'grey income' or 'bejelentett jövedelmi szinten felüli rendszeres juttatás' (largely translating into regular allowance on top of the declared income).

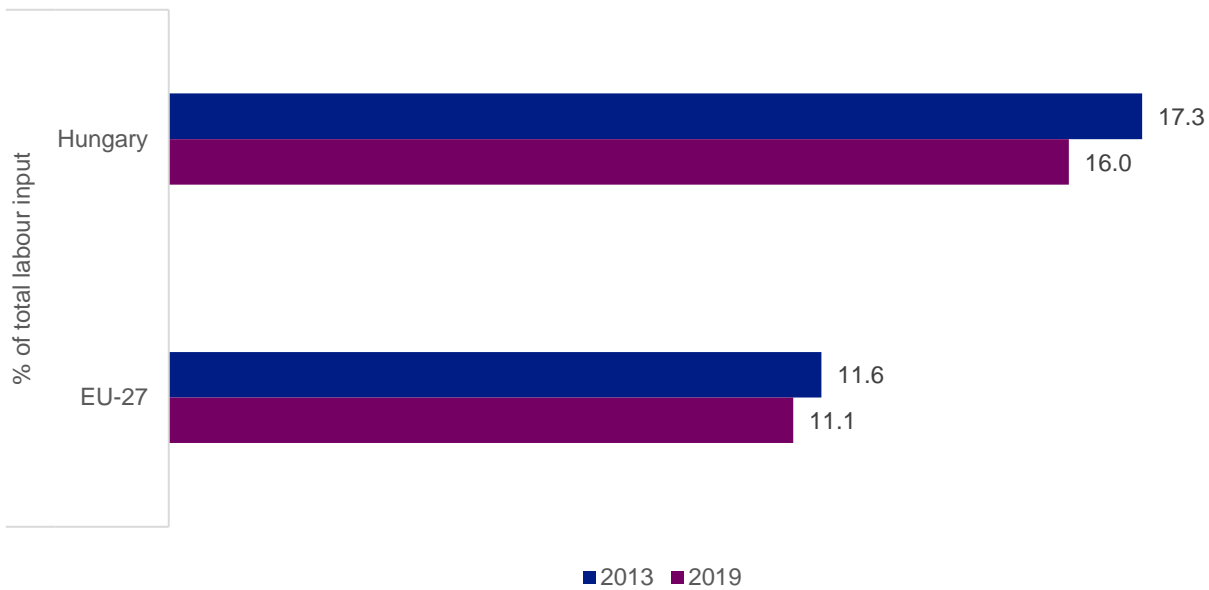
<sup>5</sup> Undeclared work can be measured both directly and indirectly. Indirect methods are based on the comparison of macroeconomic aggregates (such as national accounts). Direct methods, on the contrary, are based on statistical surveys and have advantages in terms of comparability and detail,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

<sup>6</sup> 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



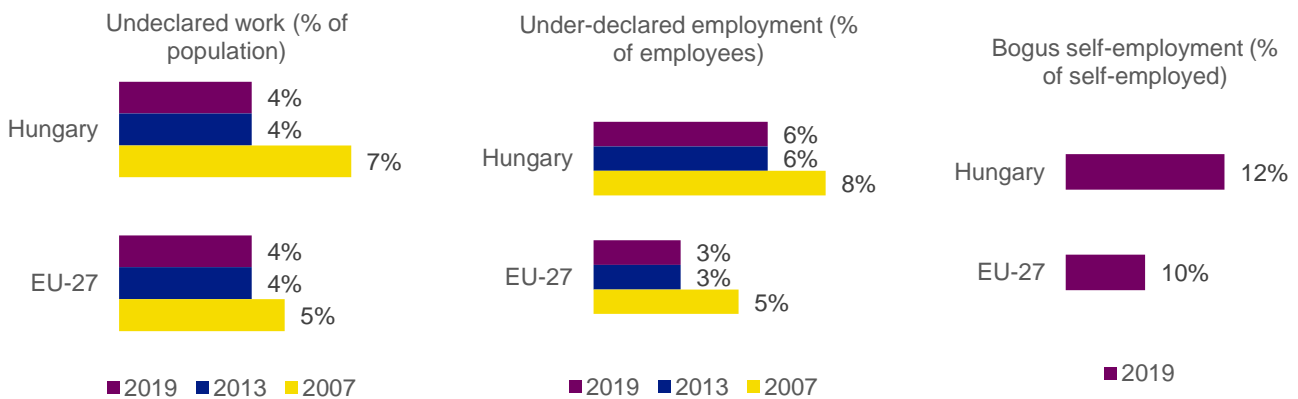
**Figure 1. The scale of undeclared work in the private sector in Hungary and EU-27, 2013 and 2019.**



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 and under-declared work and bogus self-employment between 2007 and 2019 for Hungary, 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 relationships<sup>7</sup>.

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



<sup>7</sup> 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.



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.

The regularly published reports of the Department of Labour Inspection (Employment) (DLIE) of the Ministry for Economic Development<sup>8</sup> review the outcomes of labour inspections carried out in Hungary. The latest report concerning the first half of 2022 shows that undeclared employment in this period was detected in the case of 14.57 % of the inspected employees – affecting 3 997 people.<sup>9</sup> This proportion is the second highest since 2011.<sup>10</sup> According to the report, the most commonly detected irregularity was not declaring employment (49 %), with the most typical excuses referring to ‘administrative errors’, ‘accountant’s omission’, or to the still prevalent institution of ‘trial work’.<sup>11</sup> Undeclared casual work<sup>12</sup> was also prevalent (25 %) along with employment without a formal contract (22 %), whereas full-time employees being declared as a part-time employees (1 %) and bogus contracts (1 %) were detected only in a few cases. Other irregularities include violations of working and resting times, violations related to wages, as well as the lack of (reliable) working time registries. The report also shows that irregular employment of third country nationals was detected in 2 % of the inspections and is most prevalent in the construction sector and the processing industry – such as in bakeries. Undeclared work for this group of workers manifests either through the complete absence of work permits, expired permits, or permits related to a different employer.

The same DLIE report also provides insights into the sectoral aspects of the detected irregularities. The results of the 8185 inspections carried out in the first half of 2022 show that out of all the detected undeclared employees, 51 % (2 054 people) worked in the construction sector, which is an increase compared to the first half of 2021, when this share was 47 % (1 751 people). 10 % of detected undeclared workers were employed in commercial enterprises, and the same proportion in the hospitality sector, whereas 9 % in private security firms, 4 % in the manufacturing industry, 2 % in each of the two the agricultural and machinery sectors, 1 % in retail, and 11 % in other industries. However, as further detailed by the report, these numbers are influenced by the number of inspections conducted in the respective sectors as well: 34 % of the inspections were carried out in the construction sector, 27 % in the commercial sector, 12 % in the hospitality industry, 6 % in private security firms, 5 % in the manufacturing industry, 2 % in retail, 2 % in the agricultural and machinery sectors, and 10 % in other industries.<sup>13</sup>

As also admitted by the Government’s Employment Strategy for 2014-2020, the main motivation for not declaring employment is to gain a competitive advantage by avoiding the payment of taxes and social security contributions. It must be noted, however, that employees are not always aware of the fact that they are not registered by their employer.<sup>14</sup>

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<sup>8</sup> See DLIE website [http://www.ommf.gov.hu/index.php?akt\\_menu=579](http://www.ommf.gov.hu/index.php?akt_menu=579), Contact: [ugyfelszolgalat@tim.gov.hu](mailto:ugyfelszolgalat@tim.gov.hu), accessed 25 November 2022..

<sup>9</sup> Report on Labour Inspections, first half of 2022. Department of Labour Inspections (Employment), Ministry for Economic Development. Available at [http://www.ommf.gov.hu/index.php?akt\\_menu=172&hir\\_reszlet=868](http://www.ommf.gov.hu/index.php?akt_menu=172&hir_reszlet=868), accessed 17 November 2022.

<sup>10</sup> The highest proportion of undeclared work as detected by the DLIE was 15.44 % in 2020.

<sup>11</sup> ‘Trial work’ means that the employment of an employee gets to be registered only if the employer is satisfied with the employee’s performance by the end of a certain initial period. However, ‘trial work’ is in fact a trial period that is part of employment, and therefore, the employer is obliged to consider it as such. That is, the employer cannot be exempted from its obligation to declare it.

<sup>12</sup> Casual workers can be employed on simplified terms (called simplified employment) in some branches of the economy, such as seasonal agricultural work. More information on Hungary’s Simplified Employment Act can be found here: <https://www.eurofound.europa.eu/data/tackling-undeclared-work-in-europe/database/simplified-employment-act-hungary>.

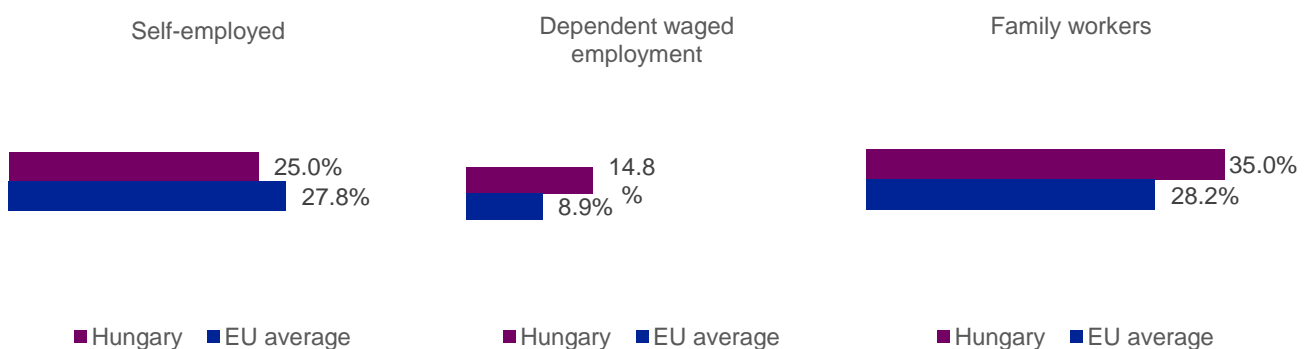
<sup>13</sup> Report on Labour Inspections, first half of 2022. Department of Labour Inspections (Employment), Ministry for Economic Development. Available at [http://www.ommf.gov.hu/index.php?akt\\_menu=172&hir\\_reszlet=868](http://www.ommf.gov.hu/index.php?akt_menu=172&hir_reszlet=868).

<sup>14</sup> The Hungarian Government’s Employment Strategy for 2014-2020. Available at [https://ngmszakmaiterulet.kormany.hu/download/a/4c/c0000/Fogl\\_Strat\\_14-20\\_elfogadott.pdf](https://ngmszakmaiterulet.kormany.hu/download/a/4c/c0000/Fogl_Strat_14-20_elfogadott.pdf), accessed 18 November 2022.



There are also marked differences in the prevalence of undeclared work in different types of employment relationships. Figure 2 gives a detailed overview of the extent of undeclared work in different types of employment relationships, namely self-employment, dependent waged employment, and family work. Analysing the 2019 Labour Input Method (LIM) estimates<sup>15</sup>, in Hungary, 14.8 % of waged employment is undeclared measured as a share of total labour input; the proportion of self-employment that is undeclared is 25 % (measured as a share of their total labour input); and the proportion of family work that is undeclared is 35 %<sup>16</sup>. Whereas the proportion of undeclared self-employment measured in Hungary is below the EU average, the proportion of undeclared waged employment and of undeclared family work in Hungary are both above the EU average.

**Figure 3. Prevalence of undeclared work in the private sector by type of employment relationship, Hungary, 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.

The structure of the undeclared labour market in Hungary in 2019 based on the LIM estimates can be seen in Figure 3.<sup>17</sup> This shows that the proportion of undeclared labour input that is waged employment was 81.9 % (as compared to the lower EU average of 62.9 %), whereas 18 % of undeclared labour input was self-employment, which is below the 36.3 % EU average. Regarding the proportion of undeclared labour input that is family work, this was 0.1 % in Hungary (as compared to the slightly higher 0.8 % average in EU-27).

Since compared with the EU-27 average, waged employment in Hungary is a larger proportion of undeclared work and self-employment is a smaller share, this has implications for tackling undeclared work. Given that undeclared work predominantly occurs through waged employment, greater emphasis will need to be put on making unregistered and under-declared employment more expensive and/or less appealing than in the EU-27 in general. In contrast, given that undeclared work occurs less through self-employment, less emphasis will need to be put on policy initiatives encouraging businesses to start-up legitimately and making it easier and more beneficial for businesses to shift towards becoming fully legitimate than in the EU-27 in general.

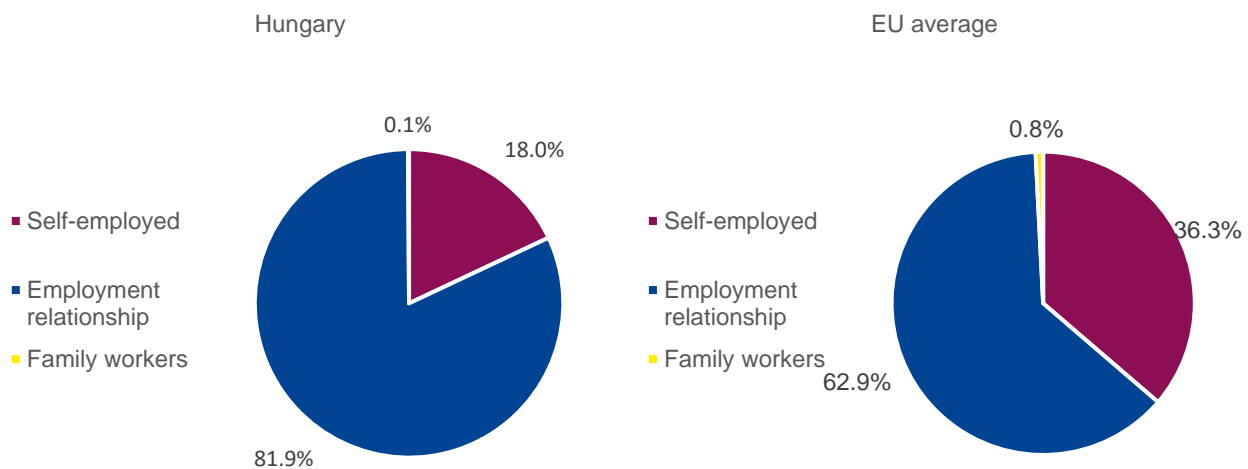
<sup>15</sup> Franic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work.

<sup>16</sup> This data (taken from the labour force survey), is based on a small sample, which might affect its statistical reliability.

<sup>17</sup> Franic, J., Horodnic, I.A. and Williams, C.C. (2022).



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

## 2.0 Institutional framework

### 2.1 Responsibilities and characteristics of organisations involved in tackling undeclared work

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

Key institutional feature	Existence
A high-level coordinating body in the country	No
A national strategy for tackling undeclared work	No
Common cross-government strategic objectives and KPIs/targets for tackling undeclared work	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.<sup>18</sup> + Platform members.

As indicated in its response to the self-assessment survey on the progress made towards a holistic approach, Hungary does not have a single high-level coordinating body for addressing undeclared work, but it has different (government) departments and organisations that are responsible for different aspects of tackling this issue. Accordingly, each government department/agency has its own targets for this purpose. There are no common cross-government strategic objectives and KPIs/targets for tackling undeclared work for the moment, but a

<sup>18</sup> 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.





discussion is taking place in the enforcement authority on making ‘the transformation of undeclared work into declared work’ a strategic objective and on setting targets for this purpose.

The key bodies involved in dealing with undeclared work in Hungary are:

- ▶ **The Department of Labour Inspection (Employment) (DLIE) of the Ministry for Economic Development** as well as the respective Minister.<sup>19</sup> The DLIE is a supervisory authority that inspects employers’ compliance with the minimum requirements of the applicable labour laws through labour inspections.<sup>20</sup> It is also responsible for keeping an official register up-to-date based on the conducted inspections. The DLIE focuses on the enforcement of obligations concerning labour contracts, such as reporting the beginning and end of the employment relationship or observing working time rules. During its inspections, the Department pays particular attention to the reduction of undeclared work, which is considered as the most severe labour violation.<sup>21</sup> The steps to be taken in the situation when the DLIE finds that an employer did not register their employees’ employment are established by law.<sup>22</sup>
- ▷ The DLIE has been reorganised several times over the past years. Until the beginning of 2018, it belonged to the Ministry for National Economy, which then has changed its name to the Ministry of Finance. From 2020, the DLIE was moved under the Ministry of Innovation and Technology, and since mid-2022, the DLIE is part of the Ministry for Economic Development, which is a newly established government body. The DLIE’s produces regular reports of its activities.<sup>23</sup>
- ▶ **Labour Authorities (LAs) within County Government Offices<sup>24</sup> as well as the LA within the Capital District Office of the Capital County Government Office** – LA inspections focus on all the work-related legal relations. The 2016 Directive of the Ministry for National Economy for labour inspections focuses on prevention by informing employers of employment rules.<sup>25</sup> LAs do not examine the reporting or payment of taxes or social security contributions.<sup>26</sup> The Labour Authority was restructured in 2015 (along with the Public Employment Service - PES). Before 2011 the Hungarian Labour Inspectorate (OMMF) had seven regional offices. Currently, the Labour Authority has two levels: (1) the Minister for Economic Development who is responsible for the professional guidance of lower levels. At the district level the role of the former territorial offices of the OMMF was gradually transferred to (2) the District Offices of the County Government Offices

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<sup>19</sup> Contact details are available here: [http://www.ommf.gov.hu/index.php?akt\\_menu=206](http://www.ommf.gov.hu/index.php?akt_menu=206).

<sup>20</sup> 7. § (1) of the CXXXV. Law of 2020 on employment promotion services and subsidies, as well as on employment supervision, available at:

<https://net.jogtar.hu/jogszabaly?docid=A2000135.TV&searchUrl=/gyorskereso?keyword%3D2020.%2520%25C3%25A9vi%2520CXXXV.%2520t%25C3%25B6rv%25C3%25A9ny>

<sup>21</sup> As explained in the document ‘A be nem jelentett munka, azaz feketemunka és annak hátrányai’ create by the Department of Labour Inspection: [http://www.ommf.gov.hu/index.php?akt\\_menu=608](http://www.ommf.gov.hu/index.php?akt_menu=608).

<sup>22</sup> As detailed in Article 4. of the CXXXV. Law of 2020 on employment promotion services and subsidies, as well as on employment supervision, applicable since 1 March 2021 (2020. évi CXXXV. törvény a foglalkoztatást elősegítő szolgáltatásokról és támogatásokról, valamint a foglalkoztatás felügyeletéről, III. Fejezet, 4. A foglalkoztatás-felügyeleti hatósági ellenőrzés és eljárásról). Available at: <https://net.jogtar.hu/jogszabaly?docid=A2000135.TV&searchUrl=/gyorskereso?keyword%3D2020.%2520%25C3%25A9vi%2520CXXXV.%2520t%25C3%25B6rv%25C3%25A9ny>, accessed 25 November 2022.

<sup>23</sup> These reports can be found here: [http://www.ommf.gov.hu/index.php?akt\\_menu=563](http://www.ommf.gov.hu/index.php?akt_menu=563).

<sup>24</sup> The list of these bodies and their contact details are available here: [http://www.ommf.gov.hu/index.php?akt\\_menu=229](http://www.ommf.gov.hu/index.php?akt_menu=229).

<sup>25</sup> LXXV of 1996 Act on Labour Inspection and Announcement of the State Secretary for the Labour Market on guidelines on labour inspections in 2016, available here: <https://mkogy.jogtar.hu/jogszabaly?docid=99600075.TV>.

<sup>26</sup> The CXXXV. Law of 2020 on employment promotion services and subsidies, as well as on employment supervision, applicable since 1 March 2021 (2020. évi CXXXV. törvény a foglalkoztatást elősegítő szolgáltatásokról és támogatásokról, valamint a foglalkoztatás felügyeletéről, III. Fejezet, 4. A foglalkoztatás-felügyeleti hatósági ellenőrzés és eljárásról). DOI: <https://net.jogtar.hu/jogszabaly?docid=A2000135.TV&searchUrl=/gyorskereso?keyword%3D2020.%2520%25C3%25A9vi%2520CXXXV.%2520t%25C3%25B6rv%25C3%25A9ny>.



at the district level,<sup>27</sup> and executed by their departments of 'Labour Inspection and Supervision'. The operational and professional activities of these district level departments are guided by the DLIE.<sup>28</sup>

- ▷ The remits and powers of LAs are set out by the Act LXXV of 1996 on Labour Inspection. LAs are responsible for checking compliance with the statutory requirements at any enterprise in Hungary regardless of nationality and can take measures against employers in cases of breach of law. In particular, LAs inspect the registration of employment, the mandatory substantial elements of the employment contract, working and resting time, the payment of wages, observing minimum wage regulations, special employment conditions, posting and assignment of workers and temporary agency work, and the employment of third-country nationals in Hungary.<sup>29</sup> During their inspections LAs target sectors in which infringements are frequently detected and which were not under inspection in the previous year.<sup>30</sup>
- ▶ **The National Tax and Customs Administration of Hungary (NTCA)** is the general tax authority in Hungary that is responsible for collecting taxes and social security contributions, as well as for inspecting tax compliance.<sup>31</sup> Accordingly, it is concerned with all forms of tax fraud including envelope wages.<sup>32</sup> As a central budgetary institution, the NTCA performs state administration and armed law enforcement functions.<sup>33</sup> It carries out its tasks through its central and territorial units and has three organisational levels. At the local level it has 22 offices; the second level is the central office of the NTCA; while the Minister of Finance is at the top.<sup>34</sup> The central office of the NTCA guides its county offices in all issues, while the Minister is responsible for the supervision of the whole of the NTCA and acts as the appellate authority.<sup>35</sup>
- ▷ The NTCA must conduct inspection in the following cases: voluntary liquidation is ordered at a company; at the call of the Court of Audit; at the instruction of the Minister of Finance; and in cases of the decision of the city council at local authorities.<sup>36</sup> Each year, the NTCA inspects 10 % of the newly established firms based on its risk analysis system. Otherwise, the priorities are set by the president of NTCA.<sup>37</sup> According to the announcement of the head of NTCA in 2015, NTCA especially targeted to detect unregistered employees by inspecting companies that reported large revenues and few employees. In addition, it targets companies using manpower leasing and services to households (private doctors, vets, hairdressers, electricians, plumbers, etc.) and sectors with a low share of material costs (insurance agents, real estate agents, designers, etc.).

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<sup>27</sup> The list of these offices can be found here: [http://www.ommf.gov.hu/index.php?akt\\_menu=229](http://www.ommf.gov.hu/index.php?akt_menu=229).

<sup>28</sup> Government Decree No. 320/2014. (XII. 13.) can be found here: <https://net.jogtar.hu/jogszabaly?docid=a1400320.kor>.

<sup>29</sup> See [http://www.ommf.gov.hu/?akt\\_menu=547&set\\_lang=123](http://www.ommf.gov.hu/?akt_menu=547&set_lang=123)

<sup>30</sup> Act LXXV of 1996 on Labour Inspection, available at: <https://mkogy.jogtar.hu/jogszabaly?docid=99600075.TV>.

<sup>31</sup> Information on the Administrative proceedings of the NTCA, as well as the list of legislative acts defining its activities are available in English at [https://nav.gov.hu/en/main-tiles/tax\\_laws](https://nav.gov.hu/en/main-tiles/tax_laws).

<sup>32</sup> Cf the relevant section of the law on taxation (2003. évi XCII. törvény az adózás rendjéről, 86. § (1) 'Az adóhatóság az adóbevétel megrövidítésének, a költségvetési támogatás, adó-visszaigénylés jogosulatlan igénybevételének megakadályozása érdekében rendszeresen ellenőrzi az adózókat és az adózásban részt vevő más személyeket. Az ellenőrzés célja az adótörvényekben és más jogszabályokban előírt kötelezettségek teljesítésének vagy megsértésének megállapítása.')

<sup>33</sup> As detailed in the Administrative proceedings of the NTCA, as well as the list of legislative acts defining its activities are available in English here: [https://nav.gov.hu/en/main-tiles/tax\\_laws](https://nav.gov.hu/en/main-tiles/tax_laws).

<sup>34</sup> See [https://nav.gov.hu/kozadat/altalanos\\_kozzeteteli\\_lista/1\\_6\\_felettes\\_felugyeleti\\_torvenyességi\\_ell/felettes\\_szervek](https://nav.gov.hu/kozadat/altalanos_kozzeteteli_lista/1_6_felettes_felugyeleti_torvenyességi_ell/felettes_szervek)

<sup>35</sup> Act XCII of 2013 on the Rules of Taxation 10. §.

<sup>36</sup> Further detailed in the Administrative proceedings of the NTCA, as well as the list of legislative acts defining its activities are available in English here: [https://nav.gov.hu/en/main-tiles/tax\\_laws](https://nav.gov.hu/en/main-tiles/tax_laws).

<sup>37</sup> Act XCII of 2013 on the Rules of Taxation 86-89. §.



- ▷ The NTCA regularly publishes on its website the detailed list (including name, national tax number, address, etc.) of employers for which a final and enforceable administrative or court decision established that they have not declared their employees' employment.<sup>38</sup>

In addition to the main government institutions, social partner organisations are involved in tackling undeclared work through various means. These include raising awareness, making calls for action, case referrals to enforcement/judicial authorities, performing research and aiding workers in transitioning into a declared work status among others. Their key approaches are shown in detail below on Table 2.

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

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	No
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	No
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)	No
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	No
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.

It is important to note though, that Hungary did not progress on making the building of partnerships with social partners a strategic objective of its enforcement authority, neither did it progress on identifying social partners or specifying the relationships sought with them. Thus, the level of involvement with social partners in the

<sup>38</sup> The latest published lists are available through the NTCA website: [https://nav.gov.hu/adatbazisok/benemjelentett#\\_ftn1](https://nav.gov.hu/adatbazisok/benemjelentett#_ftn1), accessed 18 November 2022.



enforcement authority can be best described as irregular or ad hoc. Similarly, no progress has been made on allocating staff to the task of partnership building in the enforcement authority, thus, the problems in partnership building are not being addressed. Along the same lines, there is no progress identified in the creation of transparent agreements with partners, or in the evaluation of partnerships.<sup>39</sup>

## 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
The Department of Labour Inspection (Employment) (DLIE) of the Ministry for Economic Development as well as the respective Minister.  LAs within County Government Offices as well as the LA within the Capital District Office of the Capital County Government Office.	Government Decree No. 320/2014. (XII. 13.) on the appointment of the state employment agency, the labour protection and labour authority, as well as on the performance of the official and other tasks of these bodies. <sup>40</sup>
The Department of Labour Inspection (Employment) (DLIE) of the Ministry for Economic Development as well as the respective Minister.	The CXXXV. Law of 2020 on employment promotion services and subsidies, as well as on employment supervision. <sup>41</sup>
The National Tax and Customs Administration of Hungary (NTCA).	The CL. Law of 2017 on the Rules of Taxation. <sup>42</sup>

Source: Platform members

### 2.2.2 Cooperation between authorities in Hungary

As shared in its response to the self-assessment survey on the progress made towards a holistic approach, having joined-up operations across the government (with other national organisations) is a clearly defined and fully adopted strategic objective of the enforcement authority. In fact, a target has been set for the proportion of all operations which are joint or concerted operations with other national organisations. In terms of cooperation on data sharing and analysis, the Hungarian enforcement authority has electronic access to some of the data of other enforcement authorities, and it also receives data from other enforcement authorities that it can import into its own databases.

<sup>39</sup> As indicated in its responses to the self-assessment survey on the progress made towards a holistic approach (responses to questions B4a-B4e).

<sup>40</sup> See <https://net.jogtar.hu/jogszabaly?docid=a1400320.kor>.

<sup>41</sup> See

<https://net.jogtar.hu/jogszabaly?docid=A2000135.TV&searchUrl=/gyorskereso?keyword%3D2020.%2520%25C3%25A9vi%2520CXXXV.%2520t%25C3%25B6rv%25C3%25A9ny>

<sup>42</sup> See <https://net.jogtar.hu/jogszabaly?docid=a1700150.tv>.



**LAs** – According to Section 8 of the Act LXXV of 1996 on Labour Inspection, during their proceedings LAs cooperate with other authorities. In this cooperation LAs provide information ex officio to the public employment service (PES) about the infringements of the employment rules on a monthly basis. To meet this requirement LAs maintain an electronic database and record of the personal data of affected employees.

For inspections in other fields LAs maintain a database of employers against whom legally binding decisions have stated infringement.<sup>43</sup>

**NTCA** – Based on the Annual Report of NTCA cooperation is mainly between tax and custom authorities.<sup>44</sup> There is no available information on cooperation regarding employment contracts.

### 2.2.3 Cooperation with other Member States

Hungary does not have a legal framework for cross-border joint inspections, but a visiting inspector may potentially be present during a cross-border joint inspection as an observer.<sup>45</sup> Evidence gathered during an inspection conducted in another Member State can be used as evidence before a Hungarian court and in administrative proceedings.<sup>46</sup>

Based on its response to the self-assessment survey on the progress made towards a holistic approach, Hungary does not have cross-border cooperation as a clearly defined strategic objective in its enforcement authority, and it does not have set targets for the proportion of operations that would have a cross-border aspect.

In terms of data exchange and cooperation between national authorities and other Member States, activities are as follows:

- ▶ **LAs** – In line with Act LXXV of 1996, which ceased to be valid in 2021, the DLIE collaborates with all employment-related authorities within the EU. This collaborative effort remains effective and has been reinforced by Government Decree 115/2021 (III. 10.) outlining the functions of the labour authority. Within this cooperative framework, the DLIE exchanges information concerning the results of its inspection activities and pertinent legislation.<sup>47</sup>
- ▶ **NTCA** – The collaboration between the NTCA and other Member States<sup>48</sup> is described in the Directive 2011/16/EU which aims to facilitate the information exchange and inspections by Member States.<sup>49</sup>

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<sup>43</sup> Act LXXV of 1996 on Labour Inspection, available at: <https://mkogy.jogtar.hu/jogszabaly?docid=99600075.TV>.

<sup>44</sup> Annual Report of National Tax and Customs Administration of Hungary, 2014. Available at: [https://nav.gov.hu/kiadvanyok/Korabbi\\_ev\\_kiadvanyai/evkonyvek/NAV\\_evkonyvek\\_](https://nav.gov.hu/kiadvanyok/Korabbi_ev_kiadvanyai/evkonyvek/NAV_evkonyvek_).

<sup>45</sup> ELA (2020) Guidelines for concerted and joint inspections, available at: [https://www.ela.europa.eu/sites/default/files/2021-02/Item01\\_Guidelines-for-concerted-and-joint-inspections.pdf](https://www.ela.europa.eu/sites/default/files/2021-02/Item01_Guidelines-for-concerted-and-joint-inspections.pdf).

<sup>46</sup> Ibid.

<sup>47</sup> Act LXXV of 1996 on Labour Inspection, available at: <https://mkogy.jogtar.hu/jogszabaly?docid=99600075.TV>.

<sup>48</sup> For more information on this matter, please refer to the 2021 Annual report of the NTCA, available at: <https://nav.gov.hu/kiadvanyok/evkonyvek/nav-evkonyv-2021>.

<sup>49</sup> Directive 2011/16/EU. Available at <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32011L0016&from=en>.



## 3.0 Policy focus and measures

### 3.1 Policy approach

According to the Government's Employment Strategy for 2014-2020, Hungary needed to combine deterrence measures and motivation.<sup>50</sup> Motivating measures included further cuts in the Personal Income Tax, targeted reductions of social security contributions in the Job Protection Action Plan and targeted information campaigns in industries that are most affected by undeclared work. Whereas deterrence measures included more frequent controls and stricter penalties, with an emphasis on their frequency. Firms were expected to accept these changes more easily as the cost of employment has decreased in recent years. In addition, the strategy also aimed to improve compliance with health and safety regulations and to enable social dialogue by strengthening the representation of the interests of various stakeholders, including those of employees, with the objective of decreasing undeclared employment.

The more recent officially submitted Economic Development and Innovation Operational Programme Plus (GINOP Plusz) for the period 2021-2027 has a sustainable labour market as one of its key priorities, under which it mentions the importance of promoting legal employment and curbing undeclared work.<sup>51</sup> In addition, the Hungarian Government also adopted<sup>52</sup> the National Social Inclusion Strategy 2030<sup>53</sup> in which it is emphasised that the grey economy plays a significant role in the livelihood of persons with a disadvantaged background.

### 3.2 Main policy measures

The 2022 holistic approaches study<sup>54</sup> indicates that the following types of measures are commonly used in Hungary to tackle undeclared work:

- ▶ Various types of penalty measures, except for the use of naming and shaming lists;
- ▶ Several initiatives to increase the risk of detection, such as workplace inspections, and announced inspections among others;
- ▶ Two types of supply-side incentives to make declared work easier and more beneficial, including the simplification of procedures for complying to existing regulations and the provision of factsheets on record-keeping requirements (but no demand-side measures);
- ▶ Various education and awareness-raising campaigns, as well as measures and information provision to foster commitment to declared work.

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

In line with the above, Hungary's 2022 National Reform Programme takes account of a recent tool applied in the construction sector since 1 January 2022, called 'Üvegkapu' – which translates into 'Glass Gate'. This is a data

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<sup>50</sup> The Hungarian Government's Employment Strategy for 2014-2020. Available at [https://ngmszakmaiterulet.kormany.hu/download/a/4c/c0000/Fogl\\_Strat\\_14-20\\_elfogadott.pdf](https://ngmszakmaiterulet.kormany.hu/download/a/4c/c0000/Fogl_Strat_14-20_elfogadott.pdf).

<sup>51</sup> The programme was officially submitted on 2 November 2022. (In Hungarian: Gazdaságfejlesztési és Innovációs Operatív Program Plusz (GINOP Plusz) 2021-2027. Available at <https://www.palyazat.gov.hu/gazdasagfejlesztesi-es-innovacios-operativ-program-plusz#>, accessed 25 November 22.

<sup>52</sup> In its 1605/2021. (VIII. 18.) Government Decision. Available at <https://romagov.hu/megjelent-a-magyar-nemzeti-tarsadalmi-felzarkozasi-strategia-2030/>, accessed: 25 November 2022.

<sup>53</sup> See <https://szocialisportal.hu/wp-content/uploads/2023/03/MNTFS2030.pdf>, accessed 25 November 22.

<sup>54</sup> 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.





supply system in construction monitoring, aiming to fight undeclared work by recording the entry and exit data of construction workers in real time. The solution facilitates inspections in the sector and decreases the administrative burden on the authorities by enabling the identification of the employees that are legally employed and present on the construction sites.<sup>55</sup>

Investigations are carried out regularly by the NTCA and the LAs within County Government Offices and within the Capital County Government Office. According to the announcement of the Ministry of Innovation and Technology on the labour protection and labour inspection guidelines set for 2022<sup>56</sup>, at least 20 % of the labour inspections must be carried out in the construction sector, given the historically high levels of undeclared work identified in this field. Moreover, in the cases where violations of law are detected in the form of irregular employment, the guidelines require that at least 80 % of these are subject to a follow-up check to ensure that the employer has implemented the necessary corrective actions by reporting the employees affected.

### 3.3 Good practices<sup>57</sup>

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 Hungary:

- ▶ [The information campaign to raise awareness of labour law among workers and employers](#) (2019). The information campaign to raise awareness of labour law among workers and employers in order to prevent infringements and tackle undeclared work was carried out as part of the 2012-15 project to enhance the effectiveness of the labour inspection system in Hungary.
- ▶ [Simplified employment in the agricultural sector](#) (2019). The 2010 Simplified Employment Act introduced a simple electronic registration which records the exact date and time of the start of the employment relationship, making it easier to carry out temporary (casual and seasonal) employment on a declared basis and conduct inspections.

Other practices are available in the European Labour Authority's [Virtual library](#).

Besides the above listed good practices, some further good practices and campaigns include:

- ▶ A priority ongoing project that takes place between 1 January 2018 and 30 September 2023 – is the GINOP-5.3.7 - VEKOP-17-2017-00001 'The improvement of legal employment' project, financed by the European Social Fund and the Hungarian Government. The focus areas of the project include the improvement of labour conditions and awareness raising through the provision of information among others, with a specific attention dedicated to the fight against undeclared work.<sup>58</sup> As part 'The improvement of legal employment' project's communication campaign<sup>59</sup>, an interactive film series on labour law has been launched via social media.<sup>60</sup> The film series aims to improve knowledge on key labour issues and applicable legislations.<sup>61</sup>

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<sup>55</sup> The 2022 National Reform Programme can be found here: [https://commission.europa.eu/system/files/2022-05/nrp\\_2022\\_hu.pdf](https://commission.europa.eu/system/files/2022-05/nrp_2022_hu.pdf), accessed: 25 November 2022.

<sup>56</sup> See here: [http://www.ommf.gov.hu/index.php?akt\\_menu=172&hir\\_reszlet=820](http://www.ommf.gov.hu/index.php?akt_menu=172&hir_reszlet=820), accessed on 30 November 2022.

<sup>57</sup> [Virtual library | European Labour Authority \(europa.eu\)](#)

<sup>58</sup> See [http://www.ommf.gov.hu/index.html?akt\\_menu=565](http://www.ommf.gov.hu/index.html?akt_menu=565), accessed on 30 November 2022.

<sup>59</sup> See [http://www.ommf.gov.hu/index.html?akt\\_menu=565](http://www.ommf.gov.hu/index.html?akt_menu=565), accessed on 30/11/2022.

<sup>60</sup> The film series can be found on the Facebook page called 'Legyen oké a munka' (can be translated as 'let work be okay'). Available at <https://www.facebook.com/Legyen-ok%C3%A9-a-munka-107186022006003/>, accessed on 30 November 2022.

<sup>61</sup> See [http://www.ommf.gov.hu/index.php?akt\\_menu=172&hir\\_reszlet=886](http://www.ommf.gov.hu/index.php?akt_menu=172&hir_reszlet=886), accessed on 30 November 2022.



- ▶ Within the same priority project, various professional materials have been produced to raise awareness of key labour issues.<sup>62</sup>
- ▶ Further information materials related to legal employment are also shared via the DLIE website<sup>63</sup>, where an information service is also made available, as provided by the Ministry for Economic Development.<sup>64</sup>
- ▶ The website of two closely related campaigns on occupational safety and legal employment also provides information on these priority issues.<sup>65</sup>

### 3.4 Challenges and barriers

Challenges to tackling undeclared work include a lack of a key coordinating institutional body or a national strategy to tackle undeclared work. This can create barriers to developing a coordinated approach at national level and also across borders, especially considering that currently, there is no specific legal framework for cross-border joint inspections.

While there are no common cross-government strategic objectives and KPIs/targets for tackling undeclared work for the moment, a discussion is taking place in the enforcement authority on making ‘the transformation of undeclared work into declared work’ a strategic objective and on setting targets for this purpose.

When it comes to the key drivers of participation in undeclared work, citizens' perception of tax morale is lower, whereas the perception of horizontal and vertical trust in Hungary is higher than the EU-27 average as seen below in Table 4.

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

	Tax morale*	Horizontal trust**	Vertical trust: Tend to trust tax authority***	Vertical trust: tend to trust labour inspectorate***
Hungary	8.16	38 %	56 %	53 %
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 Hungary are provided in Annex 2.

<sup>62</sup> These materials are listed [here](#) in Hungarian, accessed on 30 November 2022.

<sup>63</sup> See [http://www.ommf.gov.hu/index.php?akt\\_menu=570](http://www.ommf.gov.hu/index.php?akt_menu=570), accessed on 18 November 2022.

<sup>64</sup> See [http://www.ommf.gov.hu/index.php?akt\\_menu=218](http://www.ommf.gov.hu/index.php?akt_menu=218), accessed on 18 November 2022.

<sup>65</sup> See <https://kampany.munka.hu/kampany/>, accessed on 18 November 2022.





# Annex 1: Approaches used to tackle undeclared work

**Table A.1. Approaches used to tackle undeclared work in Hungary**

Approaches used	Existence
<b>PENALTIES</b>	
Use of penalties and fines to prevent participation in undeclared work	Yes
Use of penalties to transform undeclared work into declared work	Yes
Penalties for people or businesses who buy undeclared work	Yes
Reclassifying false employment relationships (e.g., bogus self-employment)	Yes
Use of non-compliance lists ('blacklists')	Yes
Previous non-compliance excludes firms from bidding for public procurement contracts	Yes
'Naming and shaming' lists	No
<b>RISK OF DETECTION</b>	
Workplace inspections	Yes
Online/desk-based inspections	Yes
Joint inspections with other national inspectorates	Yes
Announced inspections	Yes
Cross-border inspections	No
Registration of workers prior to first day at work	Yes
Data matching and sharing to identify risky businesses	Yes
Use data mining to determine risky businesses for inspection	Yes
Coordination of data mining and sharing across government departments	Yes
Coordination of strategy on undeclared work across government departments	No
Use of complaint reporting tools (e.g. telephone hotlines) <sup>66</sup>	Yes
Certification of business, certifying payments of social contributions and taxes	Yes
Notification letters	Yes

<sup>66</sup> [Information and tools for working declared | European Labour Authority \(europa.eu\)](https://european-labour-authority.europa.eu/information-and-tools-for-working-declared)



Mandatory ID in the workplace	No
Supply chain responsibility (e.g., joint and several liability, due diligence)	Yes
<b>INCENTIVES</b>	
<b>Supply-side measures (i.e., to stimulate suppliers to operate declared)</b>	
Simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication)	Yes
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	No
Provide free record-keeping software to businesses	No
Provide fact sheets on record-keeping requirements	Yes
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
<b>Demand-side measures (i.e., to encourage purchasers to buy declared goods and services)</b>	
Service vouchers	No
Targeted direct tax incentives (e.g., income tax reduction/subsidy)	No
Targeted indirect taxes (e.g., VAT reductions)	No
Initiatives for customers to request receipts (e.g., Lottery for receipts)	No
<b>FOSTERING COMMITMENT TO OPERATE DECLARED</b>	
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)	Yes



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	Yes
Measures to improve labour, tax and/or social security law knowledge	Yes
Public information on the work and achievements of the enforcement authorities	Yes

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



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

The dashboard below provides an overview of the key structural conditions that are associated with undeclared work. The trends in each driver display whether it improved ('green') or worsened ('red') in Hungary. 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**

<b>HUNGARY</b>				
<b>INDICATOR</b>	<b>YEAR:</b>		<b>TREND 2009 vs. 2019</b>	<b>EU-27, 2019 ****</b>
	<b>2009</b>	<b>2019</b>		
<b>A. FORMAL INSTITUTIONS</b>				
<b>I. FORMAL INSTITUTIONAL RESOURCE MISALLOCATIONS AND INEFFICIENCIES</b>				
<b>1. Level of modernisation of government</b>				
Government effectiveness (-2.5 to 2.5 (strong performance))	0.68	0.49	<span style="color: red;">■</span>	-
<b>2. Formal institutions acting in a corrupt manner</b>				
Corruption Perceptions Index (CPI) (0-100 (very clean)) *	55	44	<span style="color: red;">■</span>	-
Control of corruption (-2.5 to 2.5 (strong performance))	0.40	0.06	<span style="color: red;">■</span>	-
<b>II. FORMAL INSTITUTIONAL VOIDS AND WEAKNESSES</b>				
<b>1. Modernisation Explanation - Level of 'development'</b>				
GDP (current prices, euro per capita)	9 440	15 000	<span style="color: green;">■</span>	31 300
Human Development Index (HDI) (0-1 (highest development))	0.825	0.853	<span style="color: green;">■</span>	-
Social Progress Index (SPI) (0-100 (high)) **	79.09	78.32	<span style="color: red;">■</span>	-
Self-employment (% of total employment)	12.0	10.1	<span style="color: green;">■</span>	13.4
<b>2. State intervention</b>				
Burden of government regulation (1-7 (best))	2.1	3.0	<span style="color: green;">■</span>	-
Business flexibility index (0-10 (high))	7.78	7.49	<span style="color: red;">■</span>	-
Expense of government (% of GDP)	45.0	39.1	<span style="color: red;">■</span>	36.6
Research & Development expenditure (% of GDP)	1.13	1.48	<span style="color: green;">■</span>	2.23
Tax revenue (% of GDP)	23.3	22.4	<span style="color: red;">■</span>	19.7
Social contributions (% of revenue)	31.4	29.6	<span style="color: red;">■</span>	33.0
Impact of social transfers on poverty reduction (%)	57.09	38.50	<span style="color: red;">■</span>	32.38
Labour market policy (LMP) expenditure (% of GDP)	1.13	0.79	<span style="color: red;">■</span>	1.65
Unemployment rate (% of active population)	9.7	3.3	<span style="color: green;">■</span>	6.8
People at risk of poverty/social exclusion (% of total population)	29.6	18.9	<span style="color: green;">■</span>	20.9
Severe material deprivation rate (% of total population)	20.3	8.7	<span style="color: green;">■</span>	5.5
Inequality of income distribution (income quintile share ratio)	3.51	4.23	<span style="color: red;">■</span>	4.99
Gini coefficient (0-100 (perfect inequality))	24.7	28.0	<span style="color: red;">■</span>	30.2
Labour productivity (% change on previous period)	-4.8	3.7	<span style="color: green;">■</span>	0.7
<b>III. FORMAL INSTITUTIONAL POWERLESSNESS</b>				
Reliability of police services (1-7 (best))	4.4	4.5	<span style="color: green;">■</span>	-
Judicial independence (1-7 (best))	4.1	3.0	<span style="color: red;">■</span>	-
Rule of law (-2.5 to 2.5 (strong performance))	0.77	0.52	<span style="color: red;">■</span>	-
Regulatory quality (-2.5 to 2.5 (strong performance))	1.08	0.60	<span style="color: red;">■</span>	-
Voice and accountability (-2.5 to 2.5 (strong performance))	0.91	0.34	<span style="color: red;">■</span>	-
Trust in Government (% tend to trust)	14	48	<span style="color: green;">■</span>	35
Trust in Parliament (% tend to trust)	15	45	<span style="color: green;">■</span>	34
<b>IV. FORMAL INSTITUTIONAL INSTABILITY AND UNCERTAINTY</b>				
Democracy Index (0-10 (full democracy)) ***	7.21	6.63	<span style="color: red;">■</span>	-
Political stability (-2.5 to 2.5 (strong performance))	0.54	0.77	<span style="color: green;">■</span>	-
<b>B. INFORMAL INSTITUTIONS</b>				
Social capital (0-100 (high))	48.3	49.2	<span style="color: green;">■</span>	-
Tax compliance (0-10 (high))	6.90	6.90	<span style="color: orange;">■</span>	-
	Year:	2013	2019	



<i>Acceptability of undeclared work (% total 'unacceptable')</i>				
Firm hires worker on undeclared basis	75	76	■	82
Undeclared work by firm for firm	82	79	■	85
Undeclared work by individual for private household	64	67	■	67
Undeclared work by firm for private household	74	75	■	82
Someone partially or completely conceals their income	71	75	■	78
<i>Personally know people engaged in undeclared work (% 'yes')</i>	29	38	■	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 I. Horodnic (2020) of the 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.