



Factsheet on undeclared work¹ – IRELAND

March 2023

¹ This is an update of the [2016 factsheet](#)



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1.0 Nature and estimated scale of undeclared work

1.1 Legal definition

Undeclared work is neither defined in Irish Law nor specifically targeted and measured by the Irish administration. The Workplace Relations Commission² describes undeclared work as ‘any paid activities that are lawful as regards their nature but not declared to public authorities,’ which follows the European definition of undeclared work.³

Additionally, the Office of the Revenue Commissioners defines the ‘shadow economy’ as activity in respect of which businesses (including professions) and individuals engage in inappropriate practices to avoid their legal obligations relating to matters such as taxes and duties, Pay-Related Social Insurances (PRSI), licences and employment.⁴ Hence, shadow economy activities also include ‘not declaring, or under-declaring, a source of taxable income’ and ‘employers paying employees in cash under an ‘off the books’ arrangement so as to evade tax and PRSI liabilities’, among others. The Office of the Revenue Commissioners also indicates that most of the shadow economy activity takes place through cash-based payments of goods and services.

1.2 Estimates of undeclared work

Estimates of undeclared work in this section are based on two available sources providing cross-country comparable data: Eurobarometer surveys and the Labour Input Method (LIM) study. Caution is required because of various limitations of the applied methodologies⁵.

Examining the extent of undeclared work based on Labour Input Method (LIM) estimates in 2019, 7.3 % of total labour input in the private sector in Ireland is undeclared (8.6 % in 2013). Therefore, between 2013 and 2019 was a decline in undeclared work. This displays the progress in tackling undeclared work. Additionally, the extent of undeclared work in Ireland is lower compared to the EU-27 average (see Figure 1).

² [Home - Workplace Relations Commission](#). Contact: info@workplacerelements.ie

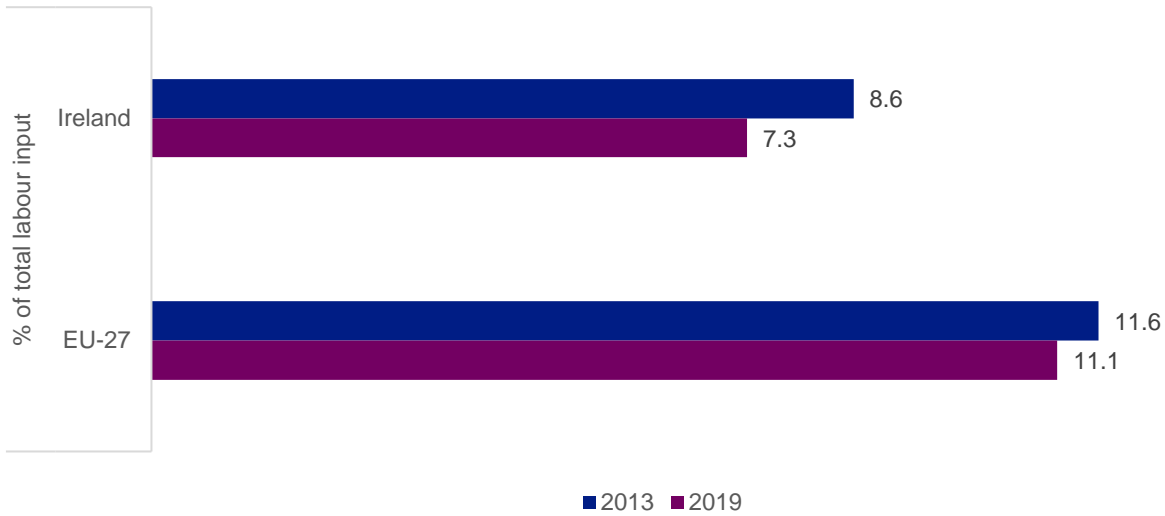
³ Workplace Relations Commission. *Undeclared Work*, retrieved on: [Undeclared Work - Workplace Relations Commission](#)

⁴ [Reporting shadow economy activity \(tax evasion\) \(revenue.ie\)](#)

⁵ Undeclared work can be measured both directly and indirectly. Indirect methods are based on the comparison of macroeconomic aggregates (such as national accounts). Direct methods, on the contrary, are based on statistical surveys and have advantages in terms of comparability and detail, but tend to under-report the extent of undeclared work. There is a consensus among both practitioners and academics that a direct approach should be used more to explore the nature of undeclared work in terms of who engages in such work, why they do so, which forms of undeclared work they undertake, and their reasons for doing so. When estimating the magnitude of undeclared work, the consensus is supportive of the use of indirect methods that search for discrepancies in comparable sets of secondary macroeconomic data (i.e. data constructed and/or collected for other purposes). The LIM study is based on the indirect method, whereas Eurobarometer surveys on the direct method.



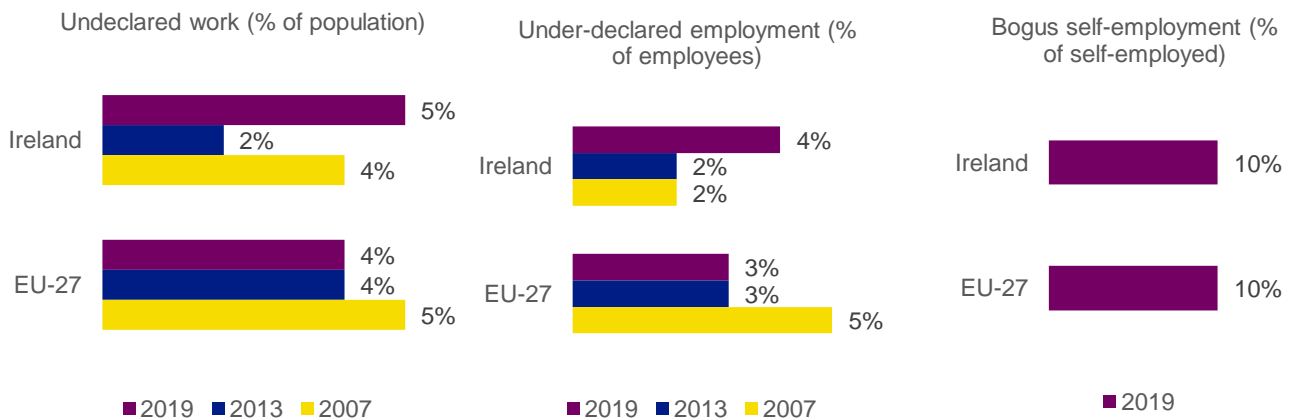
Figure 1. The scale of undeclared work in the private sector in Ireland and EU-27, 2013 and 2019



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 Ireland, 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 relationships⁶.

Figure 2. Composition of undeclared work, Ireland 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 22 December 2022.

⁶ 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 differences between the Irish and EU-27 situations are greater when comparing 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) estimates⁷ in Ireland, measured as a share of total labour input, a relatively lower percentage of dependent waged employment is undeclared (2.4 % compared with 8.9 % for the EU-27), the proportion of self-employment that is undeclared is almost 4 % higher at 31.7 % (measured as a share of their total labour input) and the proportion of family work that is undeclared is 2 % higher than the EU-27 at 30.2 %⁸.

Figure 3. Prevalence of undeclared work in the private sector by type of employment relationship, Ireland, 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 Ireland in 2019 using the LIM estimates,⁹ the proportion of undeclared labour input that is waged employment is 27.9 % (62.9 % in the EU-27), 71.4 % 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 0.7 % (0.8 % in the EU-27). Therefore, compared with the EU-27, waged employment is a smaller proportion of undeclared work while self-employment accounts for a larger share.

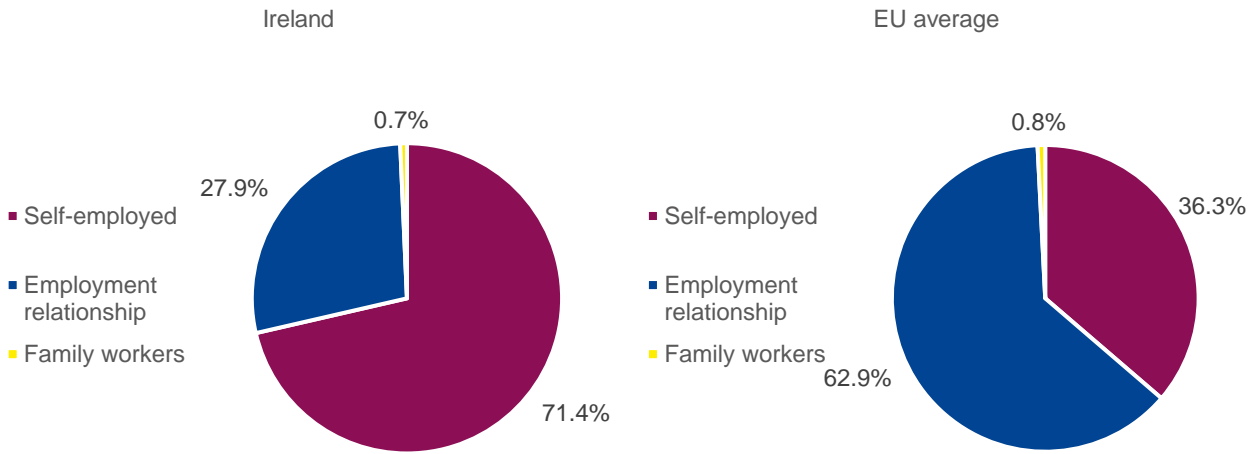
⁷ Franic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work.

⁸ This data (taken from the labour force survey), is based on a small sample, which might affect its statistical reliability.

⁹ Franic, J., Horodnic, I.A. and Williams, C.C. (2022).



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

In Ireland undeclared work is tackled as part of the shadow economy, which also covers drug trafficking, illicit tobacco and alcohol products as well as other trafficked goods and animals. According to the Revenue Commissioner’s Annual Report 2021, their audit and assurance activity placed a particular focus on sectors of the economy that traditionally have been susceptible to shadow activity, specifically the construction sector as well as cash businesses such as the hospitality sector, including bars, nightclubs, fast-food restaurants and entertainment as well as retailers, wholesalers, doctors, and accountants.¹⁰

Eurofound also identified the presence of numerous small and medium-sized businesses in the Irish economy as one factor contributing to undeclared work.¹¹ The principal reason for engaging in undeclared work in Ireland is to avoid payment of tax and/or remain below certain income thresholds in order to qualify for welfare benefits. One study suggests that the higher the tax burden, measured by personal income tax, payroll taxes, and/or indirect taxes, the larger the shadow economy.¹² The tax burden in Ireland has increased substantially since the beginning of the financial crises. Successive budgets have widened the tax net to include workers on relatively modest pay levels with the introduction of the Universal Social Charge (USC)¹³ and had the effect of reducing take-home pay for the majority of workers. The introduction of other taxes, such as property and water charges, have also had an impact on earnings of both employees and the self-employed.

¹⁰ [Annual Report 2021 \(revenue.ie\)](https://www.revenue.ie/en/annual-reports/annual-report-2021/), accessed 10 December 2022.

¹¹ See [Restructuring in SMEs in Europe | Eurofound \(europa.eu\)](https://european-council.europa.eu/media/en/press-summaries/doc/default-source/eurofound-restructuring-in-smes-in-europe.pdf), accessed 10 December 2022.

¹² Medina, L., Schneider, F. (2019), Shedding Light on the Shadow Economy: A Global Database and the Interaction with the Official One. CESifo Working Papers.

¹³ The Universal Social Charge is a tax payable on gross income, including notional pay, after any relief for certain capital allowances, but before pension contributions. [Universal Social Charge \(USC\) \(revenue.ie\)](https://www.revenue.ie/en/charges/universal-social-charge/), accessed 10 December 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 Ireland for addressing undeclared work

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

Source: Williams, C.C. and Horodnic, I.A. (2022), [Progress of national authorities towards a holistic approach, Study using a common assessment framework May 2022](#). European Platform tackling undeclared work.¹⁴

The key national authorities with responsibilities for identifying, tackling, and/or preventing undeclared work include the following:

► **The Department of Social Protection (DSP):**¹⁵

The **DSP** focuses on advising the government and formulating appropriate social protection and social inclusion policies. Additionally, it develops and delivers effective and cost-efficient income supports, activation, and employment services to clients. The DSP supervises four distinct bodies: (i) the Citizens Information Board, (ii) the Pensions Authority (formerly Pensions Board), (iii) the Pensions Council and (iv) the Social Welfare Tribunal.¹⁶

The **DSP** in the context of undeclared work focuses on controlling fraud and abuse within the social protection system – examples include the non-payment of social security contributions or the fraudulent receipt of social benefits. To improve control and compliance across all schemes the Department works on the implementation of its ‘Compliance & Anti-Fraud Strategy 2019-2023’;¹⁷

► **The Office of the Revenue Commissioners (Revenue):**

Revenue’s mission statement is to serve the community by fairly and efficiently collecting taxes and duties and implementing customs controls. In addition to its role at the direct national level, they administer the customs regime controlling imports and exports and collect duties and levies on behalf of the EU. Revenue also works in co-operation with other state agencies in the fight against drugs and other cross departmental initiatives. Across Ireland, there are around 70 Revenue offices¹⁸

¹⁴ Based on 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.

¹⁵ See gov.ie - Department of Social Protection (www.gov.ie). Contact: info@welfare.ie

¹⁶ See Bodies under the aegis of the Department of Social Protection, available at: <https://www.gov.ie/en/organisation-information/e8acaf-bodies-under-the-aegis-of-the-department-of-employment-affairs-and-s/>, accessed 8 December 2022.

¹⁷ See gov.ie - Compliance and Anti-Fraud Strategy 2019-2023 (www.gov.ie)

¹⁸ See [Role of Revenue](#), accessed 8 December 2022.



Revenue is responsible for the collection of taxes and duties, the administration of customs, and the collection of PRSI for the DSP. To tackle the shadow economy and reduce undeclared income, Revenue established the Joint Investigation Unit (JIU). JIU closely cooperates with DSP, and, in specific circumstances, the Workplace Relations Commission;¹⁹

► The **Workplace Relations Commission (WRC)**:

The **WRC** was established in 2015 and is part of the Department of Jobs, Enterprise and Innovation and its finances are administered through the department's budget. The **WRC** has numerous responsibilities related to tackling undeclared work, ensuring adequate working conditions and carrying out inspections to ensure compliance with equality and employment-related legislation.²⁰ WRC, for instance, issues obligatory employment agency licences to ensure that workers are lawfully supplied or leased, as there is no centralised state employment agency to place and train workers.

Additionally, the following authorities and bodies also contribute to identifying and addressing undeclared and under-declared work depending on the specific circumstances:

- The **Department of Enterprise, Trade and Employment**²¹ and the **Department of Justice**²² focus on the legal employment of foreigners, issuing employment permits, and delivering immigration services;
- The **Health and Safety Authority**²³ is responsible for occupational health and safety and monitoring to ensure that working conditions are respected;
- The **National Police Force**²⁴ or **Human Trafficking Investigation and Co-ordination Unit (HTICU)**²⁵ follow up with criminal matters concerning exploitative working conditions and immigration duties.

In addition to these authorities, social partners are also involved regularly in tackling undeclared work through engagement in joint actions such as information and awareness campaigns.

¹⁹ See [Annual Report 2021 \(revenue.ie\)](#), accessed 8 December 2022.

²⁰ See [Inspections - Workplace Relations Commission](#), accessed 8 December 2022.

²¹ See [Department of Enterprise, Trade and Employment - DETE](#). Contact: info@enterprise.gov.ie

²² See [Home - Immigration Service Delivery \(irishimmigration.ie\)](#). Contact: immigrationsupport@justice.ie

²³ See [Home - Health and Safety Authority \(hsa.ie\)](#). Contact: contactus@hsa.ie

²⁴ See [Home - Garda](#)

²⁵ See [Human Trafficking Investigation and Co-ordination Unit - Garda](#)



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

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
Conducting workplace inspections	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.

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
Revenue	Code of Practice on Determining Employment Status , July 2021; Taxes Consolidation Act , 1997;



	Finance Act , 2021.
DSP	Social Welfare Consolidation Act 2005
WRC	Employment Permits Acts 2003 to 2014 Workplace Relations Act 2015 Various employment rights enactments

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 Ireland

These different institutions and authorities concerned with the shadow economy and undeclared work, set their individual targets but focus strongly on joined-up operations. According to the holistic approaches study), the effectiveness of the cooperation would improve if the approach becomes more consistent and there is stronger cooperation between the agencies involved at a regional level.²⁶

According to Revenue’s annual report, several specialised investigation units and government authorities are involved in tackling the shadow economy. These efforts include for example the **JIU** as well as the **Special Investigation Unit (SIU)** which was set up by DSP in 1978 to detect and prevent social welfare fraud. These investigation units also work in collaboration with the **National Police Force (An Garda Síochána)**, the **Criminal Assets Bureau**, the **Naval Service**, and the **Defence Forces**, providing mutual operational, intelligence, and material support.²⁷

Additionally, the **Hidden Economy Monitoring Group (HEMG)**, which is a multi-agency group, advances ideas and initiatives to combat undeclared work and shadow economic activity in Ireland. The group is chaired by Revenue and consists of representatives from government agencies including the DSP and the WRC, as well as representatives from business groups and trade unions. It is a forum for participants committed to tackling the shadow economy which comes together to exchange insights, good practices, and propose new initiatives. The HEMG ensures that the responsible state agencies receive all relevant information to develop effective legislation and compliance initiatives to use their available resources in the best way possible.²⁸

In 2021 the Irish Deputy Head of Government (the Tánaiste) and the Minister for Enterprise, Trade and Employment announced the setting up of a **High-level Working Group** under the auspices of the Labour Employer Economic Forum (LEEF) to review collective bargaining and the industrial relations landscape in Ireland. Among other tasks, the group will examine the adequacy of the workplace relations framework supporting the conduct and determination of pay and conditions of employment and revise the current wage setting mechanisms.²⁹

Depending on the nature of the fraud, Revenue and the DSP also involve further authorities to ensure the efficient enforcement of legislation. This may include, for instance, the Department of Justice or the Office of the Director of Corporate Enforcement.

²⁶ Williams, C.C. and Horodnic, I.A. (2022).

²⁷ [Annual Report 2021 \(revenue.ie\)](#), accessed 10 December 2022.

²⁸ See [Hidden Economy Monitoring Group \(HEMG\) \(revenue.ie\)](#), accessed 10 December 2022.

²⁹ See [gov.ie - High Level Working Group Convened to Review Collective Bargaining and the Industrial Relations Landscape in Ireland \(www.gov.ie\)](#) accessed 10 December 2022.



The DSP carries out data-matching with external agencies to help detect fraud. The Irish government has legislated for the sharing of data among agencies for the purpose of fraud detection and control.³⁰ The DSP aims to utilise this data effectively by employing predictive analytics to better detect potential fraud.

Revenue examines electronic systems of businesses, and copies and downloads electronic data for further analysis with the use of computer-assisted intelligence automated techniques. Revenue also places a strong emphasis on the value of third-party information in detecting undeclared work and shadow economic activity. This is facilitated through the anonymous reporting of suspected undeclared work by members of the public using an online form on the Revenue's website. A similar form is provided by the DSP for reporting individuals suspected of fraudulently claiming welfare payments while working. The DSP also has a dedicated phone number for reporting suspected fraudulent claims.

2.2.3 Cooperation with other Member States

On an international level Ireland works closely with international bodies and agencies and participates in the EU's Law Enforcement Working Party (Customs).

Ireland participates in the European Commission's expert group on tax debt recovery through mutual assistance established by Council Directive 24/2010, as well as the OECD's Joint International Taskforce on Shared Intelligence and Collaboration (JITSIC) which brings together 42 of the world's national tax administrations that have committed to more effective and efficient ways to deal with tax avoidance.

3.0 Policy focus and measures

3.1 Policy approach

Ireland applies a multi-agency approach to tackle undeclared work. As outlined above the main agencies involved are **the Revenue, the DSP, and the WRC**. Other collaborative work among different agencies includes the Joint Investigation and Special Investigation Unit and the **HEMG**. The Irish Government pursues its Compliance & Anti-Fraud Strategy 2019-2023 aiming to keep fraud and non-compliance in the Irish welfare system to a minimum.

3.2 Main policy measures

The 2022 holistic approaches study³¹ indicates that four predominant types of measures are commonly used in Ireland to tackle undeclared work. These include the following:

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

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

³⁰ [Annual Report 2021 \(revenue.ie\)](#)

³¹ Williams, C.C. and Horodnic, I.A. (2022).



3.3 Good practices³²

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 Ireland:

- ▶ [Alternative forms of inspections during the COVID-19 pandemic](#) (2022). To prevent the spread of COVID-19, the Workplace Relations Commission (WRC) implemented in 2020 alternative forms of inspections, in line with the national health guidelines. These included desktop inspections conducted remotely as well as on-site unannounced inspections involving verbal and visual examination of compliance;
- ▶ [Awareness-raising campaign about Bogus Self-Employment \(BSE\)](#) (2020). In May 2018 Ireland's Department of Employment Affairs and Social Protection (DEASP) launched a campaign raising awareness of false self-employment and its impacts on workers and the Irish economy. The campaign consisted of advertisements on national/regional radio, advertising at bus shelters/train stations as well as digital/online advertising and some print media;
- ▶ [Infoline' – operated by the Information and Customer Services Unit \(ICS\) at the Workplace Relations Commission \(WRC\)](#). (2018). The WRC's Information and Customer Services Unit (ICS) operates a dedicated anonymous phone number or Infoline (Lo-call*: 1890 80 80 90) during working hours (930 – 1700 hrs) Monday to Friday which provides impartial information to callers on employment rights, employment equality, equal status and related legislation.
- ▶ [Inspections of private households as places of employment](#) (2018). Identifying domestic work arrangements can prove challenging. In order to conduct proactive inspections, the Irish labour inspectorate (the Workplace Relations Commission or WRC) utilises employer data from a variety of sources including Revenue, Social Protection, and other state bodies. Inspectors require owner permission to enter a domestic premises. To limit the risk of refusal inspectors issue a standard appointment letter which is combined with a Code of Practice (COP) on Employment in Other People's Homes and a Domestic Work leaflet;
- ▶ [Hidden economy monitoring group \(HEMG\)](#) (2017). The HEMG was established as a discussion forum, bringing together a variety of social partners to help reduce the level of undeclared work in Ireland.

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

3.4 Challenges and barriers

The scale of undeclared work in Ireland is lower compared to the EU-27 average and has slightly declined between 2013 and 2019. Nevertheless, the percentage of the population in under-declared employment in Ireland has slightly increased since 2009 and is higher compared to the EU-27 average. One challenge identified in the Irish context is the missing definition of undeclared work. It is a part of the 'shadow economy' which also includes illegal activities such as drug trafficking and illicit alcohol products. Hence, it is difficult to identify concrete measures targeting undeclared work in particular and statistical information is scarce.

The LIM estimates indicate that most of the undeclared labour input in Ireland stems from self-employment activities. Additionally, the sectors most impacted by undeclared work are dominated by cash transactions and include, for example, the hospitality sector, the construction sector as well as retailers and wholesalers. The three main state agencies concerned with the fight against undeclared work are the Department of Social Protection (DSP), the Office of the Revenue Commissioners (Revenue), and the Workplace Relations Commission (WRC). They pursue a strong cross-cutting approach and cooperate with different national and international institutions and stakeholders depending on the specific areas of undeclared work. Nevertheless, it has been indicated that

³² [Virtual library | European Labour Authority \(europa.eu\)](#)



the effectiveness of their cooperation would improve through a more consistent approach and stronger cooperation among the agencies at a regional level.

According to the Revenue's annual report the authorities strongly build on data-driven approaches, such as using third-party information to pre-populate tax returns or the use of Automatic Exchange of Information (AEOI) between tax administrations to better identify and target risks in tax evasion, fraud, and other criminal activities.

The Irish authorities strongly engage with social partners and use numerous tools to tackle undeclared work, especially the DSP's 'Compliance & Anti-Fraud Strategy 2019-2023' which aims to keep fraud and non-compliance in the Irish welfare system to a minimum. Additionally, joint initiatives such as the Hidden Economy Monitoring Group (HEMG) provide a forum to tackle undeclared work across authorities.

Despite these positive developments, the increased unemployment rate since 2019 combined with relatively high tax rates continue to have a detrimental impact on the level of undeclared work. The Irish have a slightly lower tax morale than the EU-27 average and a lower level of horizontal trust than the EU average. These may be among the key drivers of participation in undeclared work. Nevertheless, the Irish generally have a high trust in their institutions to tackle undeclared work (see Table 4).

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

	Tax morale*	Horizontal trust**	Vertical trust: Tend to trust tax authority***	Vertical trust: Tend to trust labour inspectorate***
Ireland	8.30	26 %	60 %	58 %
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 Ireland are provided in Annex 2.



Annex 1: Approaches used to tackle undeclared work

Table A.1. Approaches used to tackle undeclared work

Approaches used	Existence
PENALTIES	
Use of penalties and fines to prevent participation in undeclared work	Yes
Use of penalties to transform undeclared work into declared work	Yes
Penalties for people or businesses who buy undeclared work	Yes
Reclassifying false employment relationships (e.g., bogus self-employment)	Yes
Use of non-compliance lists ('blacklists')	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	Yes
Cross-border inspections	Yes
Registration of workers prior to first day at work	No
Data matching and sharing to identify risky businesses	Yes
Use data mining to determine risky businesses for inspection	No
Coordination of data mining and sharing across government departments	No
Coordination of strategy on undeclared work across government departments	Yes
Use of complaint reporting tools (e.g., telephone hotlines) ³³	Yes
Certification of business, certifying payments of social contributions and taxes	Yes
Notification letters	Yes
Mandatory ID in the workplace	No

³³ [Information and tools for working declared | European Labour Authority \(europa.eu\)](https://european-labour-authority.europa.eu/information-and-tools-for-working-declared)



Supply chain responsibility (e.g., joint and several liability, due diligence)	No ³⁴
INCENTIVES	
Supply-side measures (i.e., to stimulate suppliers to operate declared)	
Simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication)	Yes
Compliance lists	Yes
Society-wide amnesties	Yes
Individual-level amnesties for voluntarily disclosing undeclared activity	No
'Formalisation' advice to start-ups	Yes
'Formalisation' support services to existing businesses	Yes
Targeted VAT reductions	No
Provide free record-keeping software to businesses	No
Provide factsheets on record-keeping requirements	Yes
Provide free advice/training on record-keeping	Yes
Gradual formalisation schemes	No
Initiatives to ease transition from unemployment into self-employment	Yes
Initiatives to ease transition from employment into self-employment	Yes
Access to free marketing	Yes
Demand-side measures (i.e., to encourage purchasers to buy declared goods and services)	
Service vouchers	No
Targeted direct tax incentives (e.g., income tax reduction/subsidy)	No
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	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	Yes

³⁴ Supply chain responsibility is generally carried out as part of business processes while inspections are focused on the legal employer and the inspector's authority only extends to that workplace.



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

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



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

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

IRELAND				
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))	1.33	1.29	■	-
2. Formal institutions acting in a corrupt manner				
Corruption Perceptions Index (CPI) (0-100 (very clean)) *	69	74	■	-
Control of corruption (-2.5 to 2.5 (strong performance))	1.75	1.49	■	-
II. FORMAL INSTITUTIONAL VOIDS AND WEAKNESSES				
1. Modernisation Explanation - Level of 'development'				
GDP (current prices, euro per capita)	37 350	72 400	■	31 300
Human Development Index (HDI) (0-1 (highest development))	0.895	0.942	■	-
Social Progress Index (SPI) (0-100 (high)) **	86.37	87.78	■	-
Self-employment (% of total employment)	15.5	12.5	■	13.4
2. State intervention				
Burden of government regulation (1-7 (best))	3.1	3.9	■	-
Business flexibility index (0-10 (high))	7.19	8.40	■	-
Expense of government (% of GDP)	44.0	22.4	■	36.6
Research & Development expenditure (% of GDP)	1.61	1.23	■	2.23
Tax revenue (% of GDP)	22.1	17.7	■	19.7
Social contributions (% of revenue)	19.0	18.3	■	33.0
Impact of social transfers on poverty reduction (%)	60.00	57.74	■	32.38
Labour market policy (LMP) expenditure (% of GDP)	3.27	0.86	■	1.65
Unemployment rate (% of active population)	12.6	5.0	■	6.8
People at risk of poverty/social exclusion (% of total population)	25.7	20.6	■	20.9
Severe material deprivation rate (% of total population)	6.1	5.4	■	5.5
Inequality of income distribution (income quintile share ratio)	4.24	4.03	■	4.99
Gini coefficient (0-100 (perfect inequality))	28.8	28.3	■	30.2
Labour productivity (% change on previous period)	3.0	2.4	■	0.7
III. FORMAL INSTITUTIONAL POWERLESSNESS				
Reliability of police services (1-7 (best))	5.9	5.7	■	-
Judicial independence (1-7 (best))	6.3	5.6	■	-
Rule of law (-2.5 to 2.5 (strong performance))	1.74	1.38	■	-
Regulatory quality (-2.5 to 2.5 (strong performance))	1.70	1.60	■	-
Voice and accountability (-2.5 to 2.5 (strong performance))	1.35	1.31	■	-
Trust in Government (% tend to trust)	15	42	■	35
Trust in Parliament (% tend to trust)	19	41	■	34
IV. FORMAL INSTITUTIONAL INSTABILITY AND UNCERTAINTY				
Democracy Index (0-10 (full democracy)) ***	8.79	9.24	■	-
Political stability (-2.5 to 2.5 (strong performance))	1.06	0.97	■	-
B. INFORMAL INSTITUTIONS				
Social capital (0-100 (high))	70.1	67.2	■	-
Tax compliance (0-10 (high))	9.15	9.09	■	-
	Year:	2013	2019	
<i>Acceptability of undeclared work (% total 'unacceptable')</i>				
Firm hires worker on undeclared basis	80	77	■	82



Undeclared work by firm for firm	82	81	■	85
Undeclared work by individual for private household	68	64	■	67
Undeclared work by firm for private household	78	79	■	82
Someone partially or completely conceals their income	75	73	■	78
<i>Personally know people engaged in undeclared work (% 'yes')</i>	25	26	■	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.