



Factsheet¹ on undeclared work – The NETHERLANDS

March 2023

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



European Platform
tackling undeclared work



EUROPEAN LABOUR AUTHORITY

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1.0 Nature and estimated scale of undeclared work

1.1 Legal definition

There is no legal definition of undeclared work in the Netherlands. The Dutch Central Bureau for Statistics (CBS)² uses the following definition ‘to work legally as such, but without registration for income tax and social security’. The Dutch tax authority describes undeclared work as work that is not reported to the tax authority, usually paid in cash. This definition is also common in the Dutch society, where often the payment in cash is associated with undeclared work. The Netherlands Labour Authority (NLA) and other controlling authorities use the definition of the CBS and clearly distinguish between undeclared work and criminal activities. Though the definition of the tax authority seems very broad, they also make a clear distinction between undeclared work and criminal activities. Money earned through hobbies and for family or friends without profit are most of the times tax-free and do therefore not need declaration. Most common examples given on information websites about undeclared work are those in the sectors of housekeeping, construction, hospitality and agriculture. There is relatively little information available on under-declared work. The tax authority however emphasises that employees should be aware of the out-of-work income that they need to declare to the authorities.

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 methodologies³.

Examining the extent of undeclared work based on Labour Input Method (LIM) estimates, in 2019, 4.8 % of total labour input in the private sector in the Netherlands was undeclared (5.2 % in 2013). Therefore, between 2013 and 2019, there has been a decline in undeclared work. This displays the progress in tackling undeclared work. The extent of undeclared work in the Netherlands was lower compared to the EU-27 average (see Figure 1 below).

According to a study done by CBS in 2018, 400 000 people undertook undeclared work. Most undeclared work takes place in the cleaning industry. The undeclared work revenue of this sector amounts to approximately EUR 1.44 billion. You then have the construction industry whose undeclared work revenue amounts to about EUR 800 million per year. They are then followed by hairdressers (EUR 441 million), the childcare and babysitting sector (EUR 341 million) and the HORECA sector (EUR 249 million). The total revenue of undeclared work is estimated to be around EUR 4 billion yearly. Of course, these are only estimations. It is quite difficult to calculate the precise scale of undeclared work. For hairdressers, for example, the CBS looks at the number of inhabitants in the Netherlands and how often people go to the hairdresser on average. Then an estimate can be made of the total

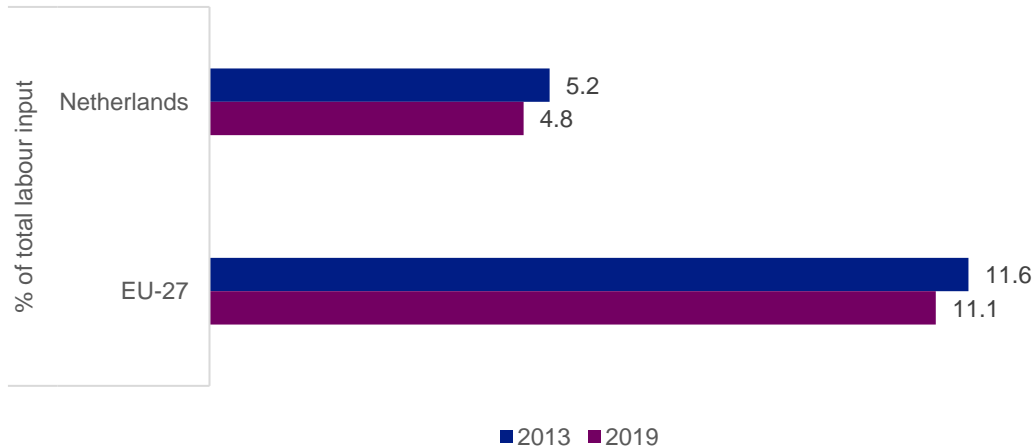
² See [CBS - Statistics Netherlands, Contact \(cbs.nl\)](#), accessed 15 December 2022.

³ 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.



turnover of the hairdressing sector. As it turns out that the real amount is much lower than this estimate, the CBS concludes that the difference can be explained by the prevalence of undeclared work.⁴

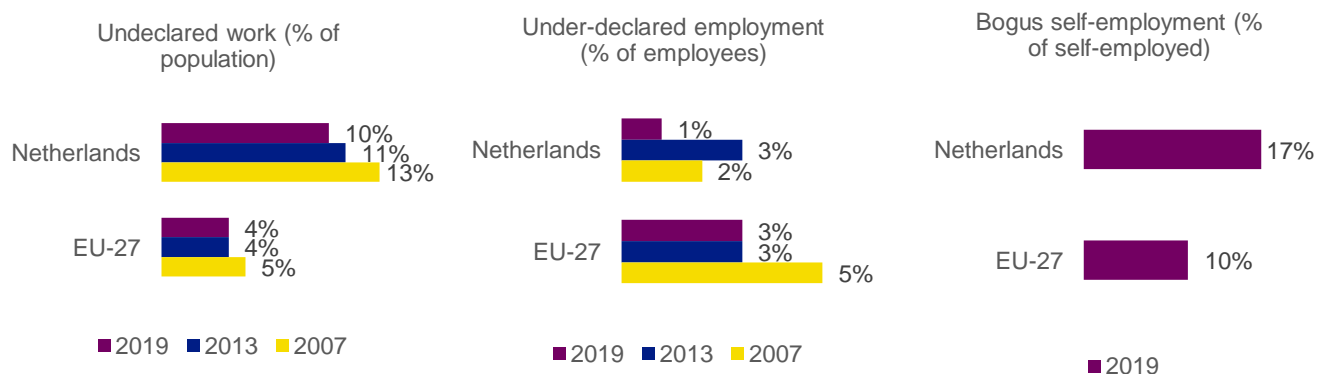
Figure 1. The scale of undeclared work in the private sector in the Netherlands and EU-27, 2019



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

The figures below indicate the current state and development of undeclared work, under-declared and bogus self-employment between 2007 and 2019 for the Netherlands, 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 relationships⁵.

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



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

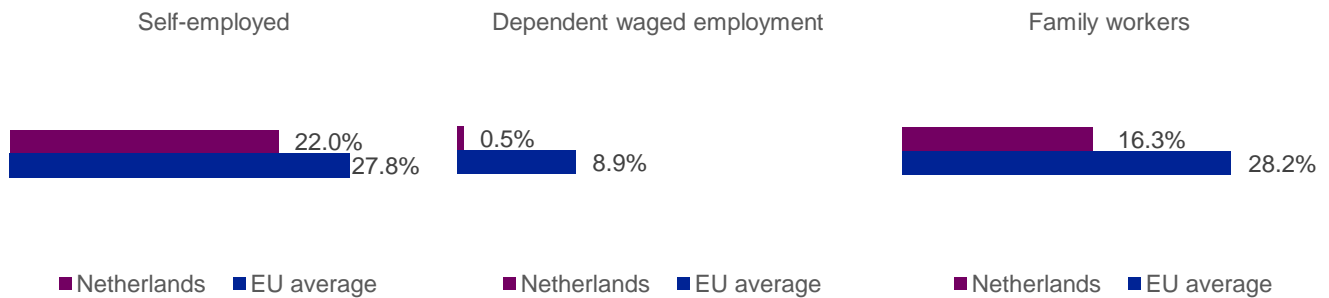
⁴ See <https://nos.nl/op3/artikel/2303517-honderdduizenden-nederlanders-werken-zwart-schoonmakers-koploper>, [Adres en Route - Over NOS](#), accessed 15 December 2022.

⁵ Williams, C.C and Horodnic I.A. (2020). Trends in the undeclared economy and policy approaches Evidence from the 2007, 2013 and 2019 Eurobarometer surveys, European Platform tackling undeclared work. Figure 10. Retrieved on 28 September 2022.



There are also marked differences in the prevalence of undeclared work in different types of employment relationship. Figure 2 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) estimates⁶, in the Netherlands, 0.5 % of waged employment is undeclared measured as a share of total labour input, the proportion of self-employment that is undeclared is 22.0 % (measured as a share of their total labour input) and the proportion of family work that is undeclared is 16.3 %⁷.

Figure 3. Prevalence of undeclared work in the private sector by type of employment relationship, in the Netherlands, 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 the Netherlands in 2019 using the LIM estimates,⁸ the proportion of undeclared labour input that is waged employment is 9.1 % (62.9 % in the EU-27), 90.0 % 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 0.8 % (0.8 % in the EU-27). Therefore, compared with the EU-27, waged employment is a smaller proportion of undeclared work and self-employment a larger share (see Figure 3 below).

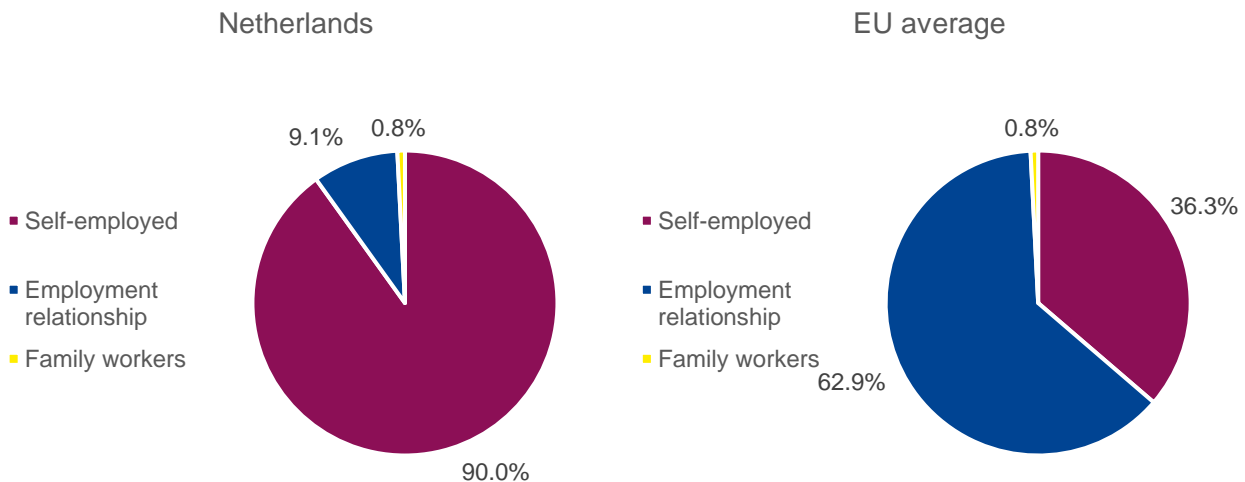
⁶ Franic, J., Horodnic, I.A. and Williams, C.C. (2022), Extent of undeclared work in the European Union, European Platform tackling undeclared work.

⁷ This data (taken from the labour force survey), is based on a small sample, which might affect its statistical reliability.

⁸ Franic, J., Horodnic, I.A. and Williams, C.C. (2022).



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



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

The most prevalent form of undeclared work in the Netherlands is bogus self-employment. Bogus self-employed persons are employees who have the status of self-employed persons, although in reality they exercise a professional activity in a relation of subordination towards an employer. In this respect, the employer does not have to pay social contributions and taxes. In turn, the bogus self-employed does not fall under the more extensive protection of employees in social security and labour law. Bogus self-employment is also a threat to fair competition as in this case employers can operate at a far lower cost.

Bogus self-employment is especially common in platform work. Online platforms are digital services (websites or apps) that facilitate interactions and possibly transactions of goods, services or information between two or more interdependent groups of users. According to online platforms they usually do not offer products themselves, but mainly act as intermediaries. In most cases, company owners of digital platforms exonerate themselves from taking responsibility as employers consider workers as self-employed. This can be illustrated by several court cases. The Federation of Dutch Trade Unions (FNV)⁹ filed a lawsuit against Deliveroo because the meal courier employs bogus self-employed people. Deliveroo's meal delivery staff all had to become self-employed in 2018 if they wanted to continue working for Deliveroo. The meal couriers and FNV campaigned at the time to stop this, claiming meal deliverers are not entrepreneurs but employees. The court agreed with this and ruled that since the beginning of 2018 the nature of the work and the legal relationship between the parties did not change substantially. If work is being done, it is under an undiminished relationship of subordination and thus within an employment relationship. As a result of technological possibilities, there is indeed a perceived freedom with regard to availability for work, but this still fits within the nature of the employment contract. The Subdistrict Court still considers the dependence on Deliveroo to outweigh the independence of the deliverer.¹⁰ The FNV also won the appeal in 2021. The Amsterdam Court of Appeal came to the conclusion that all other elements, including the method of payment of wages, the authority exercised, the certain time (with a presumption of law), as well as the other circumstances referred to point more to the presence of an employment contract than to the absence thereof. The court also considered that, given the level of income (EUR 11-13 per hour), it is not really possible to make adequate

⁹ See [The Netherlands Trade Union Confederation \(FNV\) is the largest trade union in the Netherlands. - FNV, Contact met Mondiaal FNV - FNV](#), accessed 15 December 2022.

¹⁰ See <https://uitspraken.rechtspraak.nl/inziendocument?id=ECLI%3ANL%3ARBAMS%3A2019%3A198>, [Contact | Rechtspraak](#), accessed 15 December 2022.



provisions in case of disability and unemployment. It is therefore precisely this group that has a greater need for the agreement to be qualified as an employment contract, since employment law does grant them those provisions.¹¹ The Court of Amsterdam also ruled against Uber in a lawsuit filed by FNV. The court ruled that drivers who have associated themselves in person with Uber and who transport passengers through the Uber app fall under the scope of Dutch Collective Labour Agreement for Taxi Transport. According to the Court, the legal relationship between Uber and its drivers meets all the characteristics of an employment contract.¹²

Illegal employment - which consists of letting foreign employees work without a valid residence document and work permit - also stays a concern for the Netherlands, even though the number of companies who make use of illegal employed workers is low. After all, there is an influx of low-qualified workers from within and outside Europe, but also from highly skilled migrants and healthcare providers, among others. The NLA¹³ therefore states that irrespective of the policy choices regarding the European labour market, attention to illegal employment remains necessary.¹⁴

2.0 Institutional framework

2.1 Responsibilities and characteristics of organisations involved in tackling undeclared work

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

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

Source: Williams, C.C. and Horodnic, I.A. (2022). [Progress of national authorities towards a holistic approach, Study using a common assessment framework May 2022](#). European Platform tackling undeclared work.¹⁵ + Platform members.

The key organisations responsible for tackling undeclared work in the Netherlands are:

- **The Ministry of Social Affairs and Employment**¹⁶ is responsible for labour market policy, including migration and the free movement of workers, benefits and re-integration, income policy, work-life balance, and policy on working conditions and inspection.

¹¹ See <https://www.fnv.nl/nieuwsbericht/algemeen-nieuws/2021/02/fnv-wint-ook-in-hoger-beroep-zaak-tegen-deliveroo, Service & Contact - FNV>, accessed 15 December 2022.

¹² See <https://www.fnv.nl/getmedia/7eba08cf-f895-40ec-81a9-3860bb7ca03e/2021-10-07-Uber-uitspraak-m-u-v-standpunten-partijen-ENG-def-docx.pdf>, accessed 15 December 2022.

¹³ See [Home | Netherlands Labour Authority \(nllabourauthority.nl\)](#), [Contact | Netherlands Labour Authority \(nllabourauthority.nl\)](#), accessed 15 December 2022.

¹⁴ See <https://www.nlarbeidsinspectie.nl/binaries/nlarbeidsinspectie/documenten/jaarplannen/2022/11/25/meerjarenplan-2023-2026/Prioritering+van+risico%E2%80%99s+Meerjarenplan+2023-2026+Nederlandse+Arbeidsinspectie.pdf>, accessed 15 December 2022.

¹⁵ 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.

¹⁶ See [Ministry of Social Affairs and Employment | Government.nl](#), [Contacting the Ministry of Social Affairs and Employment | Ministry of Social Affairs and Employment | Government.nl](#), accessed 15 December 2022.



- ▶ **The Netherlands Labour Authority (the former SZW Inspectorate)**¹⁷ is the key authority tackling undeclared work. As part of the Ministry of Social Affairs, the focus of the NLA is not necessarily on undeclared work as such. The NLA's scope is broader as its focus is to work for fair, healthy and safe working conditions and socio-economic security for everyone. The NLA checks if employers and employees comply with the various laws, decrees and regulations in the field of labour. The NLA also investigates fraud, exploitation and organised crime within the chain of work and income. In the field of Social Affairs and Employment, the NLA monitors developments and risks and reports them to the stakeholders. The tasks of the NLA also include the investigation of, for example, labour exploitation, human trafficking and large-scale fraud in the field of social security. Investigations by the NLA are carried out under the direction of the Public Prosecution Service (OM¹⁸).

Social fraud and criminality can be reported (anonymously) to the NLA by calling the number 0800 5151 or +31 70 333 56 78 from abroad. This is also possible if there's only a suspicion of crime or fraud.¹⁹ Some cases of social fraud or criminality, like the illegal employment of foreign employees, can be reported online through a form.²⁰

- ▶ **The Social and Economic Council (SER)**²¹, advises the Dutch government and Parliament on social and economic policy.
- ▶ **The Employee Insurance Agency**²² that is responsible for benefits and reintegration of unemployed and workers with impairment (*Uitvoeringsinstituut Werknemersverzekeringen/UWV*). The UWV²³ is responsible for, among others, the unemployment benefits and reintegration of job seekers. In this role the UWV is responsible for inspecting the legitimacy of social benefits.
- ▶ **The Ministry of Economic Affairs and Climate**²⁴ is involved in policy making for specific sectors and hence also a key player in employment policies. Sectoral realities must also be included in policy making and as such, the Ministry of Economic Affairs and Employment also join in regular tripartite meetings with social partners. Other important players are the municipalities, the International Fraud Information Bureau (IBF),²⁵ the Social Insurance Bank (SVB)²⁶, The Netherlands Bureau for Information Exchange within the Work and Income Sector (BKWI), Labour Unions and Employers' associations.
- ▶ **The Dutch Tax Authority** (*Belastingdienst*)²⁷ focuses on tax/benefit fraud. They are responsible for collecting taxes, and related to this, with the inspection on fiscal, economic and financial fraud. They are also responsible for income-related benefits for childcare, housing and care. **Municipalities** are responsible for providing recipients with social assistance (*bijstand*) and to help persons who receive social assistance to (re-)integrate into the labour market. This support is provided in the form of training, work or guidance.²⁸

¹⁷ Name change to Netherlands Labour Authority in January 2022. See <https://www.nllabourauthority.nl/>, [Contact | Netherlands Labour Authority \(nllabourauthority.nl\)](#), accessed 15 December 2022.

¹⁸ See [Home | Public Prosecution Service, Contact | Public Prosecution Service](#), accessed 15 December 2022.

¹⁹ See <https://www.nlarbeidsinspectie.nl/melden/fraude-of-criminaliteit>, [Contact | Nederlandse Arbeidsinspectie \(nlarbeidsinspectie.nl\)](#), accessed 15 December 2022.

²⁰ See <https://portaal.nlarbeidsinspectie.nl/klachten>, accessed 15 December 2022.

²¹ See [The Social and Economic Council of the Netherlands \(SER\), Contact | SER](#), accessed 15 December 2022.

²² See [About Us - Executive Board - Organization | UWV | Over UWV, Contact UWV](#), accessed 15 December 2022.

²³ See <https://www.uwv.nl/particulieren/index.aspx>, [Service & contact | UWV | Particulieren](#), accessed 15 December 2022.

²⁴ See [Ministry of Economic Affairs and Climate Policy | Government.nl, Contacting the Ministry of Economic Affairs and Climate Policy | Ministry of Economic Affairs and Climate Policy | Government.nl](#), accessed 15 December 2022.

²⁵ See [Internationaal Bureau Fraude-informatie \(IBF\) | UWV | Zakelijk, Zakelijke contactgegevens | UWV | Zakelijk](#), accessed 15 December 2022.

²⁶ See [SVB home | SVB](#), Contact: [SVB | SVB](#), accessed 15 December 2022.

²⁷ See <https://www.belastingdienst.nl/wps/wcm/connect/nl/home/home>, [Contact - we helpen u graag \(belastingdienst.nl\)](#), accessed 15 December 2022.

²⁸ See <https://www.government.nl/topics/unemployment/applying-for-support-to-reintegrate-into-the-labour-market>, accessed 12 April 2023.



Because municipalities have their own annual budget it is important for them to find fraudulent benefit receivers in order to decrease their costs.

- ▶ **The Social Insurance Bank (SVB)**²⁹ is responsible for social insurance schemes such as AOW³⁰ pension, child benefit (AKW) and the personal care budget (PGB) and therefore also for the verification of the compliance with the rules. In collaboration with the NLA, the SVB ensures that benefits are lawfully received. The SVB prevents and fights misuse by checking that no payments are made to people who are not entitled to benefits.
- ▶ Besides the national authorities, the **Labour Unions**³¹ and **Employers' Associations**³² try to address undeclared work because of the possible exploitation of employees and the unfair competition on the market via the insertion of strict rules in the Collective Labour Agreements (CAOs). The cases filed by FNV against Uber and Deliveroo, as mentioned above, are a prime example of that.

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

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	Yes
Performing research to identify the key reasons, manifestations, specifics and impact of undeclared work	Yes
Providing policy and legal advice on procedural and legal changes needed	Yes
Providing policy advice on where enforcement authorities should focus their efforts (e.g., bogus self-employment, particular sectors)	Yes
Taking part in consultations and working groups	Yes
Providing technical support to enforcement authorities in developing information tools, data mining and risk assessment, building websites and social media platforms	No
Establishing relevant contacts through their networks of members	Yes
Serving as access points to corporate databases	No
Conduct workplace inspections	No

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

²⁹ See <https://www.svb.nl/en/>, [Contact: SVB | SVB](#), accessed 15 December 2022.

³⁰ The AOW (National Old Age Pensions Act) provides a basic pension to people who have reached their AOW pension age.

³¹ See for example <https://www.fnv.nl/doelen>, accessed on 12 April 2023.

³² See for example <https://www.mkb.nl/over-mkb-nederland/english>, accessed on 12 April 2023.



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 Ministry of Social Affairs and Employment	General Administrative Act of 4 June 1992
The Netherlands Labour Authority	General Administrative Act of 4 June 1992
The Social and Economic Council	The Social and Economic Council Act of 27 January 1950
Employee Insurance Agency	General Administrative Act of 4 June 1992
Ministry of Economic Affairs and Climate	General Administrative Act of 4 June 1992
The Dutch Tax Authority	General Tax Act of 2 July 1959
Municipalities	Work and Assistance Act of 9 October 2003
Social Insurance Bank	General Administrative Act of 4 June 1992

Source: Platform members; 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 the Netherlands

To enhance the cooperation of the different organisations, the Netherlands has created the Bureau for Information Exchange within the Work and Income Sector (BKWI). BKWI aims to facilitate cooperation between municipal authorities, UWV and the SVB, and other organisations which are responsible for work and income. BKWI provides solutions for efficient and reliable information exchange between these organisations. Therefore, BKWI manages the combined register Suwinet with personal data from (among others) the municipalities, registers of the Tax Authority and social security registers. The appropriate use and privacy protection of these data are safeguarded by means of participation protocols, strict authorisations and rules regarding conduct.³³

Part of the enforcement department of the UWV is the International Fraud Information Bureau (IBF). The bureau focuses on the international exchange of data and prevention and detection of abuse of benefits outside the Netherlands. The data from IBF is also used by municipalities for national and international data. The Ministry of Social Affairs and Employment has appointed the IBF as the coordination spot for cross border exchange of fraud-information. Besides the UWV, municipalities, SVB and social security organisations in other countries can make use of the services of the IBF as well. They can request information for control and verification on a person's right

³³ See <https://www.bkwi.nl/>, Contact: info@bkwi.nl, accessed 15 December 2022.



to a benefit. Sometimes the IBF independently conducts research by asking for data from foreign organisations and sometimes the research is conducted by an embassy through the Ministry of Foreign Affairs.³⁴

The SUWI-net introduced is a combined register that allows government authorities to exchange personal data related to work and income. The NLA uses SUWI-net data on tax and social security payments in order to execute inspections to tackle undeclared work.³⁵

In the coming years, the NLA will strengthen its commitment to regional cooperation from the work around reports and requests. With fellow supervisors such as the Human Environment and Transport Inspectorate (ILT)³⁶, the Netherlands Food and Consumer Product Safety Authority (NVWA)³⁷, but also with executive bodies such as the Employee Insurance Agency (UWV) and the Tax and Customs Administration. The Netherlands Tax Authority also collaborates with UWV, the Tax and Customs Administration, the Social Insurance Bank, Allowances, the IND and the Association of Dutch Municipalities in the National Intervention Steering Group (LSI) on data sharing. There is also cooperation with the Regional Information and Expertise Centers (RIEC)³⁸ to combat undermining crime.

2.2.3 Cooperation with other Member States

Within the Benelux framework the Netherlands and Belgium have developed strong interpersonal connections, leading to regular sharing of results, for the prevention and risk assessment. They also share results of inspections in press releases to help prevent future undeclared work. At the moment there are ongoing talks to establish a BENELUX treaty that improves the cross-border cooperation regarding the fight against social fraud.³⁹

The Benelux countries also have two working groups on 'bogus construction' and 'benefit fraud', which aim at improving the cross-border administrative cooperation within the countries concerned (and eventually beyond). As part of these working groups, pilot projects on cross-border data sharing and matching of relevant data have been set up to try to tackle cross-border fraud and error. The objectives of these pilot projects include assessing and testing the need for, relevance and feasibility of (automated) cross-border data sharing, matching and mining (number of cases of fraud and error detected), and identifying technical and legal issues and possible solutions.⁴⁰

On 9 April 2018, Belgium and the Netherlands signed a cooperation agreement. The aim is to exchange electronic data more efficiently and thus better detect social fraud. Specifically, the National Employment Office and the National Social Security Office (RSZ) in Belgium started a collaboration with the Employee Insurance Agency (UWV) and the Information Office Foundation (IB) on behalf of the participating municipalities in the Netherlands.⁴¹

Four bilateral Memoranda of Understanding between the Dutch Ministry of Social Affairs and Employment and equivalent ministries in the Czech Republic, Portugal, Romania and Slovakia aim to improve and intensify cooperation to address undeclared work.⁴²

³⁴ See <https://www.uwv.nl/zakelijk/fraude-informatie-ibf/index.aspx>, Contact: ibf@uwv.nl, accessed 15 December 2022.

³⁵ See <https://wetten.overheid.nl/BWBR0013060/2022-01-01>, Contact: [Reageren op Wet- en regelgeving | Overheid.nl](https://www.wetten.overheid.nl/BWBR0013060/2022-01-01), accessed 15 December 2022.

³⁶ See [Home | Inspectie Leefomgeving en Transport \(ILT\) \(ilent.nl\)](https://www.inspectie-leefomgeving.nl/), [Contact | Inspectie Leefomgeving en Transport \(ILT\) \(ilent.nl\)](https://www.inspectie-leefomgeving.nl/), accessed 15 December 2022.

³⁷ See [Home | NVWA-English](https://www.nvwa.nl/), [Contact | NVWA-English](https://www.nvwa.nl/), accessed 15 December 2022.

³⁸ See [De RIEC's en het LIEC | RIEC-LIEC Informatie- en Expertisecentrum](https://www.riec.nl/), Contact : info@liec.nl, accessed 15 December 2022.

³⁹ See <https://www.benelux.int/nl/kernthemas/veiligheid-samenleving/fraudebestrijding/sociale-samenwerking-en-fraudebestrijding>, Contact: info@benelux.int, accessed 15 December 2022.

⁴⁰ See Benelux Cross-border cooperation, available at https://www.ela.europa.eu/sites/default/files/2021-09/GP_fiche_Benelux.pdf, accessed 15 December 2022.

⁴¹ See https://www.benelux.int/files/8415/2326/8731/overeenkomst_UFA.pdf, accessed 15 December 2022.

⁴² See Bilateral Memoranda of Understanding, available at https://www.ela.europa.eu/sites/default/files/2021-09/GPF-NL_Ro-MoUs_1.pdf, accessed 15 December 2022.



3.0 Policy focus and measures

3.1 Policy approach

In the Netherlands the tackling of undeclared work is mainly regulated by the Fraud act⁴³ and the Decision on Administrative Fines⁴⁴, which were drafted to fight social security fraud. These laws regulate the penalties for social fraud and the extent of the competence of the NLA with regards to inspection. The main principles of these laws are that fraud cannot be rewarded and that overpaid benefits must always be refunded.⁴⁵ The Work and Assistance act, which regulates social assistance (*bijstand*) is also important in this respect. The Fraud Act has been quite controversial, as research has shown that the majority of persons who were heavily fined under the Fraud Act did not deliberately commit fraud. The high fines were disproportionate to the seriousness of the violations and the chance of being caught for real fraudsters has not increased, concluded the Ombudsman. The Fraud Act and the Decision on Administrative Fines were changed in 2016. The laws were made less stringent. After the adjustments, it is possible to adjust the fine to the seriousness of the violation, the degree of culpability and the circumstances of the person involved. In some cases, it is also possible to issue a warning instead of a fine.

As mentioned above, the NLA is one of the most important bodies in the fight against undeclared work. Every four years a multi-year plan is drafted in which the NLA outlines her ambitions, working method and activities for the next four years.⁴⁶ There is also a yearly plan in which the multi-year plan is concretised for the respective year. As was mentioned before, the NLA does not focus on undeclared work as such, but rather broadly on ensuring healthy, safe and fair work. The NLA uses a broad intervention mix for this. This mix consists of all kinds of instruments to achieve an effect: from the dissemination of information, inspections, but also to conducting criminal investigations. The work takes shape in programs and in handling reports and requests. To increase effectiveness, the Inspectorate invests in the use of data and information, strategic communication and cooperation with relevant partner organisations in its domain.

The above-mentioned programs develop an approach to the problems they focus on. This approach depends on the goal, the target group and the context in which (a mix of) interventions are used. Behavioural insights and experiences from inspection practice help determine the approach, and therefore the deployment of interventions, within a programme. The aim is always to achieve better compliance with regulations and/or to prevent companies from structurally violating rules.

Communication within programs is always part of a broader intervention mix. Companies are mainly approached where there is a lack of knowledge and awareness of laws and regulations. The aim is to inform employers and/or to increase their (risk) awareness. That is why there are campaigns with a wide reach to put occupational risks on the agenda. This happens under the headings #daspasveilig, #daspaseerlijk and #daspasgezond. They enjoy growing recognisability due to the multi-year approach. These campaigns will continue in 2023, also to support the programmes. Themes that will be discussed in 2023 include psychosocial workload and cross-border behaviour, employment discrimination and temporary agency work. Parts of the approach include targeted information to sectors and employers and encouraging the use of self-inspection tools. Research shows that offering an action perspective encourages employers to take action. This is thanks to, for example, the self-

⁴³ See <https://wetten.overheid.nl/BWBR0032087/2020-01-01>, Contact: [Reageren op Wet- en regelgeving | Overheid.nl](#), accessed 15 December 2022.

⁴⁴ See <https://wetten.overheid.nl/BWBR0011708/2018-11-14>, Contact: [Reageren op Wet- en regelgeving | Overheid.nl](#), accessed 15 December 2022.

⁴⁵ Kamerstukken II, 2011/12, 33207, nr. 3, (MvT).

⁴⁶ See <https://www.nlarbeidsinspectie.nl/publicaties/jaarplannen/2022/11/25/meerjarenplan-2023-2026>; accessed 15 December 2022.



inspection tools⁴⁷ and checklists.⁴⁸ That is why the NLA will continue to invest in this in 2023. The tools are also continuously brought to the attention of target groups.

The NLA also encourages companies to better comply with labour legislation by influencing major clients or sector organisations. This is one of the pillars of the approach for a number of the NLA's programmes. Communication about the desired standard is important here. In 2023, these programs will invest in existing relationships with key players in the various sectors and chains. In the field of labour exploitation, the NLA approaches authorities that can identify potential labour exploitation from their role and can pass on signals about it.

In many cases, the NLA checks compliance with inspections. Is a violation found during an inspection? Then the appropriate measure will be imposed. This may concern, for example, a warning, demand, fine, or shutdown. The NLA deploys investigative resources when employers cause abuses that may involve a crime. To this end, the NLA has a Special Investigation Service, which conducts criminal investigations under the authority of the Functional Prosecutor's Office of the Public Prosecution Service (OM). The investigation task within the NLA forms an integral part of the intervention mix used by programmes. If inspectors suspect employers of committing crimes, the investigative service can initiate a criminal investigation. This includes crimes such as labour exploitation, human smuggling or forging documents. Programs in the field of labour exploitation or rogue temporary employment agencies are expected to call in the investigation service more often than other programs in the coming years. This is because of the focus on serious violations.

Each program has the task of tackling a specific group of risks related to a certain theme. The following programs - that might be relevant to undeclared work - are planned for 2023:

- ▶ Labour Exploitation & Serious Discrimination
- ▶ Temporary Employment Agencies
- ▶ International, Sham Constructions and compliance with collective bargaining agreements⁴⁹
- ▶ Supervision SUWI/Supervision Social Domain
- ▶ Good employment practices in sectors and chains
- ▶ Trends and developments

The program of Good employment practices in sectors and chains is new. In this program the focus is on those sectors where the risks of fair, healthy and safe work accumulate at the lower end of the labour market, where vulnerable workers often work. The Inspectorate uses a chain approach in this programme. In the first instance, this concerns chains in agri-food, industrial production, construction and recycling, the 24-hour delivery economy and convenience and care services. The NLA focuses on companies and the chains of which the companies are part. It examines whether there are mechanisms operating in the chain that put companies lower in the chain at a disadvantage. For example, the NLA visits an agricultural company, a slaughterhouse, a vegetable processing company, distribution center and supermarket. This gives the NLA a better view of the mechanisms that play a role in that chain. With this programme, the NLA responds to current economic and social developments. Employers and clients in the relevant sectors are not only held accountable for their legal obligations. They are also held accountable for their corporate social responsibility.

⁴⁷ See <https://www.ela.europa.eu/sites/default/files/2021-09/NL - Self Inspection Tools.pdf>

⁴⁸ The checklists help to determine whether a company is honest and follows the rules. There are for example checklists for cleaning companies and employment agencies. See: <https://www.inspectie-checklist.nl/>

⁴⁹ Employment agencies will be obliged to register by law: <https://open.overheid.nl/repository/ronl-d411c78914a172d6234627378e3548d17a31bd81/1/pdf/kamerbrief-hoofdlijnen-verplichte-certificering-bij-ter-beschikking-stellen-van-arbeidskrachten.pdf>



The Trends and Development programme is also new and will be gradually developed. The aim of the programme is to identify and interpret new and emerging risks at an early stage. In addition, the aim is to contribute to prevention by placing identified risks on the agenda of those organizations that can exert the most influence on risk management. Where useful and/or necessary, the program will deploy rapid interventions to address emerging risks as early as possible.

In addition to the active work in the programmes, the NLA also carries out reactive work. This work is done on the basis of reports or requests and forms a substantial part of the work of the NLA. This may concern signals, complaints, reports or requests from, for example, citizens, employee representatives or works councils, trade unions, other organizations and cooperation partners.

The NLA considers it important to be responsive to its environment. That is why it makes submitting reports simple and accessible. It also informs the reporter about what will happen with the report. As in other years, the ambition in 2023 when handling reports is to handle every report in a timely, complete and correct manner.

Finally, the NLA wants to achieve more effect with the use of a criminal law approach by consulting with the Public Prosecution Service on a case-by-case basis whether a criminal law, administrative law procedure or other intervention is necessary. As a result, alternatives are used that achieve an effect faster and with less effort. For example, cases can be settled with a penalty order or transaction. A so-called 'knock and talk' meeting can also be held or a meeting can be held with a trade association. During criminal investigation bottlenecks can be identified. Which in turn can lead to policy, legislation and implementation practices that are more fraud resistant.

To achieve the multi-year, plan the NLA will be expanded. In 2022, the capacity expansion initiated by the 2017 coalition agreement has been completed. The coalition agreement of early 2022, which provides more resources for the Inspectorate, will lead to a further expansion of human capital in the coming years.⁵⁰

3.2 Main policy measures

The 2022 holistic approaches study⁵¹ indicates that four types of measures are commonly used in the Netherlands to tackle undeclared work - predominantly the use of:

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

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

3.3 Good practices⁵²

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 the Netherlands:

⁵⁰ <https://www.nlarbeidsinspectie.nl/binaries/nlarbeidsinspectie/documenten/jaarplannen/2022/11/25/jaarplan-2023/Jaarplan+2023+Nederlandse+Arbeidsinspectie.pdf>, accessed on 12 April 2023.

⁵¹ 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.

⁵² [Virtual library | European Labour Authority \(europa.eu\)](#)



- ▶ [Dutch Act on Combating Spurious Labour Contracts](#) (2021). The Act on Combating Spurious Labour Contracts (WAS), introduced in the Netherlands in 2015 to combat fraudulent labour contracts that aim to evade legal minimum standards on wage levels and/or standards in terms and conditions on payments in collective agreements.
- ▶ [The Netherlands: SUWI-net](#) (2020). The SUWI-net, introduced in 2002, is a combined register that allows government authorities to exchange personal data related to work and income. The Inspectorate, part of the Ministry of Social Affairs and Employment (hereafter Inspectorate SZW), uses SUWI-net data on tax and social security payments in order to execute inspections to tackle undeclared work.
- ▶ [Procedure to collect administrative fines](#) (2020). The NLA (formerly called the Dutch Labour Inspectorate SZW) has an established procedure to notify infringements and collect administrative fines relating to undeclared work. The status of (national and cross-border) fines is monitored in an online database, allowing evaluation of the extent to which sanctions successfully reduce undeclared work.

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

3.4 Challenges and barriers

The Rutte III coalition agreement has given an important impulse to the work of the NLA.⁵³ The reason for this impulse was the nature and scope of the social problems and risks in the domain of the NLA. The NLA will continue to build on this over the next four years. Expanding the reach of commitment to fair work with the given impetus, the NLA can do more to tackle underpayment, illegal employment, bogus constructions and labor exploitation. Part of that approach is increasing the reach of the interventions (increasing the intervention coverage) so that a larger proportion of employers will be confronted with this and will become more compliant. Reaching employers is not an end in itself; it is a lasting effect that the Inspectorate wishes to achieve.

The government also still prioritises the fight against bogus self-employment. It wants to ensure a better level playing field in labor law and tax treatment and provide greater clarity on the question of when one works as an employee or as a self-employed person. Despite the DBA- act⁵⁴ of 2016 which intended to provide more clarity with respect to the qualification as an employee or a self-employed person, there is still uncertainty. This means that it is not always clear to self-employed persons whether, despite the conclusion of a contract for services, there is still an employment contract and, as a result, obligations for the various payroll taxes.

Not only clients and contractors struggle with those frameworks and agreements to be made, but also the Tax and Customs Administration and the NLA. Partly due to the changing forms of work and the various perspectives underlying this, it is proving difficult to achieve the desired clarity for all parties in a new legislative framework (i.e., in having certainty if someone qualifies as an employee or as a self-employed person). All the lack of clarity and commotion has led to the fact that enforcement of DBA legislation is on the back burner due to the so-called enforcement moratorium. The government has expressed its willingness to take an important step in improving the possibilities for supervision and enforcement and thus in reducing bogus self-employment. Lifting the enforcement moratorium is one of the steps to tackle the problems of bogus self-employment and to make the labor market future-proof.⁵⁵

⁵³ See <https://zoek.officiëlebekendmakingen.nl/kst-29544-846.html>, [Contactpagina Officiële bekendmakingen | Overheid.nl](#), accessed 15 December 2022.

⁵⁴ Employment Relationships Deregulation Act (Wet deregulering beoordeling arbeidsrelaties, wet DBA)

⁵⁵ See <https://www.rijksoverheid.nl/actueel/nieuws/2022/06/24/kabinet-wil-schijnzelfstandigheid-in-samenhang-aanpakken>, [Contact | Rijksoverheid.nl](#), accessed 15 December 2022.



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

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

	Tax morale*	Horizontal trust**	Vertical trust: Tend to trust tax authority***	Vertical trust: Tend to trust labour inspectorate***
Netherlands	7.70	55 %	45 %	51 %
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 the Netherlands are provided in Annex 2.



Annex 1: Approaches used to tackle undeclared work

Table A.1. Approaches used to tackle undeclared work

Approaches used	Existence
PENALTIES	
Use of penalties and fines to prevent participation in undeclared work	Yes
Use of penalties to transform undeclared work into declared work	Yes
Penalties for people or businesses who buy undeclared work	No
Reclassifying false employment relationships (e.g., bogus self-employment)	Yes
Use of non-compliance lists ('blacklists')	No
Previous non-compliance excludes firms from bidding for public procurement contracts	No
'Naming and shaming' lists	No
RISK OF DETECTION	
Workplace inspections	Yes
Online/desk-based inspections	No
Joint inspections with other national inspectorates	Yes
Announced inspections	No
Cross-border inspections	Yes
Registration of workers prior to first day at work	Yes
Data matching and sharing to identify risky businesses	Yes
Use data mining to determine risky businesses for inspection	Yes
Coordination of data mining and sharing across government departments	
Coordination of strategy on undeclared work across government departments	Yes
Use of complaint reporting tools (e.g. telephone hotlines) ⁵⁶	No
Certification of business, certifying payments of social contributions and taxes	Yes
Notification letters	Yes

⁵⁶ [Information and tools for working declared | European Labour Authority \(europa.eu\)](https://europa.eu)



Mandatory ID in the workplace	No
Supply chain responsibility (e.g., joint and several liability, due diligence)	No
INCENTIVES	
Supply-side measures (i.e., to stimulate suppliers to operate declared)	
Simplify procedures for complying to existing regulations (e.g., easier registration procedures; simplify forms; reduce duplication)	Yes
Compliance lists	No
Society-wide amnesties	No
Individual-level amnesties for voluntarily disclosing undeclared activity	Yes
'Formalisation' advice to start-ups	No
'Formalisation' support services to existing businesses	Yes
Targeted VAT reductions	No
Provide free record-keeping software to businesses	No
Provide fact sheets on record-keeping requirements	No
Provide free advice/training on record-keeping	No
Gradual formalisation schemes	No
Initiatives to ease transition from unemployment into self-employment	Yes
Initiatives to ease transition from employment into self-employment	Yes
Access to free marketing	No
Demand-side measures (i.e., to encourage purchasers to buy declared goods and services)	
Service vouchers	Yes
Targeted direct tax incentives (e.g., income tax reduction/subsidy)	Yes
Targeted indirect taxes (e.g., VAT reductions)	No
Initiatives for customers to request receipts (e.g., Lottery for receipts)	Yes
FOSTERING COMMITMENT TO OPERATE DECLARED	
Campaigns to inform suppliers of undeclared work of the risks and costs of working undeclared	No
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
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	No
Measures to improve labour, tax and/or social security law knowledge	Yes
Public information on the work and achievements of the enforcement authorities	Yes

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



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

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

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



Year:

Acceptability of undeclared work (% total 'unacceptable')

Firm hires worker on undeclared basis	■
Undeclared work by firm for firm	■
Undeclared work by individual for private household	■
Undeclared work by firm for private household	■
Someone partially or completely conceals their income	■

Personally know people engaged in undeclared work (% 'yes')

■

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.