European Platform Undeclared Work

Final Report on
Factsheets on Existing Tools to Address Undeclared Work

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Contents

1 INTRODUCTION AND OVERVIEW

The **main objective** of this small-scale study is to provide a compilation of examples of existing tools (potentially comprising instruments, handbooks and guidance sources) on tackling undeclared work. The **primary focus** of the study is placed on tools, which could facilitate co-operation and the exchange of data between countries on different aspects of undeclared work, and which may provide additional ideas for Member States to develop and engage through the Platform. The study considers tools developed for use 'on the ground' by authorities involved in tackling undeclared work, which although lacking a 'transnational' component would still be of value to other Platform members.

The primary **target audience** of the factsheets comprises the Platform, European Commission and the relevant ministries (e.g. labour ministries) and enforcement agencies of EU Member States. The findings of the current report could also be of interest to the social partners at national and EU level, and to international organisations, particularly the ILO.

The **main challenges** to the implementation of the study were a) the lack of (information on) transferrable and proven as effective practical tools or instructional handbooks on tackling undeclared work, as well as b) the lack of internal or external (independent) evaluations on the efficiency and usefulness of the tools. Moreover, although academic research and a number of national measures to tackle undeclared work exist, little effort has been placed on codifying and transferring the methodological knowledge to the responsible authorities of other countries, besides several ILO manuals and some occasional bilateral training.

The study showed that generally, there is a lack of transnational tools for tackling UDW, including in the EU, which could be one of the important areas of engagement for the Platform to address in the future. There are a **number of factors that should be taken into account when considering the transferability** of a tool. For example, the Workplace ID Cards and Workplace Inspection in Iceland may work more efficiently in countries with lower levels of undeclared work and higher standards of compliance, but may become another burden on business in other countries. An online tool for checking self-employment status (as the one used in Ireland) requires the existence of national legislation that treats the employed and self-employed differently in terms of social security and taxes, while the HM Revenue and Customs on-line diagnostic tools on undeclared income (UK) suggests the existence of a high compliance culture, and high probability of enforcement in cases of non-compliance. The use of online databases (such the ones used in Belgium), depends on the technical capacities and use of unified (compatible) online solutions by the various public authorities. The examples of citizen and business-oriented online tools such as the Entrepreneur Check tool in the Netherlands, point to the need for high levels of internet penetration. Thus, it can be concluded that in parallel with the development and implementation of specific tools or measures to tackle UDW, the overall administrative and technological capacities, legislative framework, and citizens' culture of social and tax compliance should be continuously enhanced in order for the tools to be effective.

The overview of the collected factsheets shows that the use of online tools, registers and databases beyond the national level presents one of the most promising potential possibilities for practical solutions in tackling undeclared work, with the lowest possible additional costs. At present, these have been effectively limited to the Internal Market Information System (IMI). Hence, there is a need for more extensive exchange of practical solutions "on the ground" among the countries with the help of the Platform. The Platform might want to consider including in its work programme the development of such EU-wide instruments, tools, handbooks and guide sources.

2 THE FACTSHEET DEVELOPMENT PROCESS

The development of the 11 factsheets which form this report included four steps:
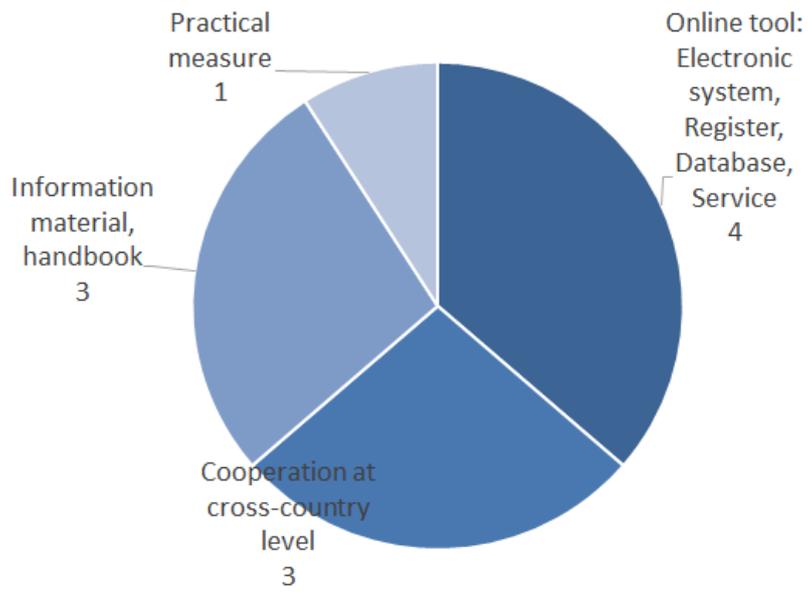
- the development of the factsheet template;
- the collection of 26 examples for potential factsheets;
- the selection of 11 of them for implementation; and
- the drafting, editing and finalising of the selected factsheets included in this document.

The search for potential factsheet examples covered a range of different methods, including: a Google search by keywords; searches of the Eurofound database, the ILO website, the European Commission website, the websites of social policy and revenue authorities of the Platform member countries and Parliament websites; and reviews of academic reports and papers on the best measures to tackle undeclared work, including materials produced by the Platform so far. The twelve fully prepared factsheets are attached in Section 3. Below is a table summarising the shortlisted and selected articles, with Figure 1 showing their distribution by type.

Table 1. Number and types of shortlisted and selected examples of tools

Type	Short listed	Select ed	Names of the selected tools
Online tool: Electronic system, register, database, service	8	4	1. Dimona, Belgium 2. On-line diagnostic tools, UK 3. Redditometro online tool, Italy 4. The on-line OndernemersCheck / Entrepreneur Check tool, Netherlands
Cooperation at cross-country level	6	3	5. International Tax and Investment Centre (ITIC) 6. International Association of Labour Inspection (IALI) 7. The Europol EMPACT initiative
Information material, handbook	3	3	8. Code of Practice for Determining Employment or Self-Employment Status of Individuals (Social Partnership Agreement), Ireland 9. Social Inspection Services Anti-fraud Organisation (OASIS), Belgium 10. The ILO Handbook on Extending Labour Inspection to the Informal Economy: a Trainer's Handbook
Practical measure	1	1	11. Workplace ID Cards and Workplace Inspection, Iceland
Cooperation at national level	4	0	None selected
Mutual learning: training, peer review	2	0	None selected
Action Plan/Programme	1	0	None selected
Regulations, penalties, minimal standards	1	0	None selected
Total	**26**	**11**	**11**

Figure 1. Overview of the types of selected fiches

Practical measure 1

Online tool: Electronic system, Register, Database, Service 4

Information material, handbook 3

Cooperation at cross-country level 3

3 THE COMPLETED FACTSHEETS

The 12 completed factsheets are provided below.

Factsheet 1 - Workplace ID Cards and Workplace Inspection, Iceland

1_Factsheet_IDcard_Icl
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Title of the tool in English (Title in original language)	Workplace ID Cards and Workplace Inspection, Iceland
Country / geographical coverage	Iceland
Type of tool	Practical measure
Scope of the tool	Nationwide tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	The aim of the practice is to tackle undeclared work in Iceland by ensuring that employers and their employees comply with the relevant legislation, regulations, and wage agreements. It is implemented in sectors identified and agreed by Social Partners as prone to undeclared work, such as building and construction, hotel and restaurant industries, retail sales in small non-specialised stores, manufacture and repair of motor vehicles, etc. Inspections are carried out by inspectors appointed by the Social Partners. All employers need to make certain that they and their employees get Workplace ID Cards before starting work, regardless of whether the employees are employed directly by the employer on the basis of an employment contract, work through a temporary-work agency, or are self-employed. The employees are obliged to carry their Workplace ID Cards at all times while working. The Workplace ID cards contain information about the employer's/companies name/designation as recorded in the Directorate of Internal Revenue's Register of Companies (or the name/designation of foreign company or employment agency as registered at the Directorate of Labour), the name and the National ID of the employee, as well as his/her photo. This allows for quickly checking the status of each employee on any site of a company.
• How the tool operates in practice - key practical takeaways for other Platform members	The practice of issuing Workplace ID Cards eases inspection procedures for undeclared work prevention. The Social Partners have been granted the authority to appoint inspectors to perform the inspections in relation to the Workplace ID Cards. During inspection visits, the employer and the employees are obliged to display their Workplace ID Cards, if requested. The self-employed are also obliged to present their Workplace IDs upon request. The Workplace ID Cards allow for two levels of control. At the first level, it guarantees that

	employers and employees who have such cards understand their duties to comply with labour regulations. At the second level, the inspectors send the information stated on Workplace ID Cards to the tax authorities, the Directorate of Labour, the Social Insurance Administration, chiefs of police and, when relevant, to the Directorate of Immigration and the National Registry, which then check whether the employer and/or the employees comply with all relevant regulations. This procedure facilitates the effective and efficient tackling of different practices of undeclared work. Inspectors are unauthorised to use their position to acquire information about operations other than what is necessary or may be necessary for the purpose of the inspection. They are also unauthorised to provide others with information obtained during the inspection about the operation, employees or other related parties, especially if there is reason to suppose that it concerns a company secret. While conducting their inspection, inspectors must show a card issued jointly by the Social Partners. Inspectors may seek the assistance of the police in performing an inspection when it is considered necessary.
Background	
• Authorities/bodies/organisations involved in its elaboration	Social partners Tax authorities Directorate of Labour Social Insurance Administration Chiefs of police Directorate of Immigration
• Targeted groups or institutions	Employers (including self-employed) and employees
• Start date and duration	2010, ongoing
• Short assessment of transferability potential to the EU	As the practice is implemented by the Social Partners, it should be easily transferrable to other countries. It should be noted that the level of undeclared work in Iceland is lower than in most European countries. Therefore it may not be easily implemented for cases with higher levels of undeclared labour or lack of tradition of Social Partner participation in inspection work.
Sources (provide links if available online)	Islandic Confederations of Labour http://www.skirteini.is/english/
Metadata and key words for online search	ID card, Iceland, labour inspection, tax authorities, workplace inspection, deterrence

Factsheet 2 – Code of Practice for Determining Employment or Self-Employment Status of Individuals (Social Partnership Agreement), Ireland

2_Factsheet_Ireland.doc

Title of the tool in English (Title in original language)	Code of Practice for Determining Employment or Self-Employment Status of Individuals (Social Partnership Agreement)
Country / geographical coverage	Ireland
Type of tool	Information material, handbook
Scope of the tool	Nationwide tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	The Code is a classification of the characteristics and the differences between employment and self-employment. It is intended to guide employers and individuals to properly assess their employment status, which has implications in terms of their health and safety responsibilities, social security and taxes. The Code serves as a prevention tool for undeclared work as it flags to individuals who have registered as self-employed that according to the law, their status is more in line with that of an employee, and if not altered amounts to undeclared work. An important feature of the Code is that it has been developed in very wide partnership between the government, social partners and other stakeholders.
• How the tool operates in practice - key practical takeaways for other Platform members	This Code was prepared as a leaflet by the Employment Status Group set up under the Programme for Prosperity and Fairness. The group was created due to a growing concern that an increasing number of individuals get categorised as 'self-employed' whereas the indicators suggest the status of an 'employee'. Such a practice provided various possibilities for undeclared work practices in the country. The leaflet has been updated in 2007 by the Hidden Economy Monitoring Group, formed from representatives of both private and public entities under the Towards 2016 Social Partnership Agreement. The latter was signed between Government officials and the social partners. The purpose of the document is to eliminate misconceptions and provide clarity, and it states explicitly that its aim is not to bring individuals, who are genuinely self-employed, into employment status.

The Code is divided in four thematic fields, providing different information in terms of employment specifics. The first section presents the criteria which classify a person as an employee, and the additional factors that need to be considered if the former is unknown or unclear. The second section lists the criteria which a |

	person needs to fulfil in order to be self-employed, along with additional factors. The third section provides explanation on why the difference between declaring oneself as an employee or as a self-employed is crucial for the tax and social authorities and what consequences may arise from a misstatement. The last section provides the contact details to the relevant tax and labour authorities, which can be consulted on the issues outlined in the Code.
Background	
• Authorities/bodies/organisations involved in its elaboration	Hidden Economy Monitoring Group: Employment Status Group, formed under the Prosperity and Fairness Programme, signed by representatives of the Government, employers' associations, trade unions, farmers, and the community and voluntary sectors.
• Targeted groups or institutions	Individuals, who are not sure about their employment status.
• Start date and duration	2007, ongoing
• Short assessment of transferability potential in the EU	The leaflet can be easily replicated in any country, which treats the employed and the self-employed differently for tax, social security and labour purposes. For it to be effectively implemented though, it would require support from all concerned stakeholders as has been the case in Ireland.
Sources (provide links if available online)	http://www.welfare.ie/en/Pages/Code-of-Practice-for-determining-Employment-or-Self-Employme.aspx
Metadata and key words for online search	social partnership, employment status, self-employment status, Ireland, bogus self-employment.

Factsheet 3 – Social Inspection Services Anti-Fraud Organization (OASIS), Belgium

3_Factsheet_OASIS.docx

Title of the tool in English (Title in original language)	Social Inspection Services Anti-Fraud Organization (OASIS)
Country / geographical coverage	Belgium
Type of tool	Online tool: Electronic system, Register, Database, Service
Scope of the tool	Nationwide tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	OAISIS is a data warehouse, which aims to enable social inspection services to conduct objective-oriented inspections and perform analyses on data from different social security sectors with the overall objective of detecting and analysing cases of fraud. It was set up in 2001 in the framework of a common anti-fraud project implemented by federal government ministries and national offices in Belgium. It has since then been further expanded to include new datasets and to link to other databases, covering employers and workers in Belgium, posted workers, tax records, land and audit records, etc. It has become the focus of big-data modelling projects, which have aimed to automate the tackling of social security fraud in order to serve as a mechanism against undeclared work. The stored data is supplied through the information channels of the Crossroads Bank for Social Security (Kruispuntbank van de Sociale Zekerheid, KSZ), a public body which elaborates the e-government strategy within the Belgian social sector and co-ordinates the implementation of the e-government projects in that sector.
• How the tool operates in practice - key practical takeaways for other Platform members	The OASIS system examines incoming anonymous data against different fraud scenarios in order to detect cases of fraudulent behaviour at the earliest possible stage and thus tackle undeclared work. The system receives information from nine different data sources and produces 23 reports alerting about potential fraudulent conduct. The public sources from which it draws its information include DMFA (Multifunctional Declaration) with data on the workers' wages and working hours; DIMONA (Immediate Declaration), provides the start and ending dates of any employment; Register of Building Sites and Sub-Contractors; Register of Employers; Register of Accounts and Recoveries; Unemployment Register; Quarterly VAT declarations; VAT clients and contractors listings, and the database of temporary unemployment. OASIS does not combine all available data from public sources, but only draws on a number of indicative, partial data. OASIS works with warning indicators, which indicate situations such as:

	• an increase in turnover, but a decline in the number of employees of a company; • a reduction of registered personnel below a certain threshold; • labour turnover (labour market entries and departures) above the industry average level; • large differences in the total wage sum and the number of employees in a company compared with the employer's previous employment declaration. Based on pre-defined fraud scenarios, and the warning indicators, companies are ranked according to their fraud risk, allowing inspection services to better target their work. The detection and analysis of fraud scenarios does not require the use of individualised personal data. The privacy law(s) consequently require all personal data provided to OASIS to be in coded form. In the event of OASIS having a strong suspicion of fraudulent behaviour in a company, social inspectors can obtain access to the full data concerning the employer's staff. In such cases, the national identification number (NISS) is used to identify individuals. The OASIS-driven fraud detection has proven very effective with all tested known cases of fraud raising red flags within the system of indicators. The OASIS data warehouse has become a key e-government and big-data modelling focus. For example, in 2011 the Federal Public Service Social Security started the implementation of the Data Mentalist project to create a data mining assistant for social fraud detection. The core idea of the Data Mentalist is to become a dynamic, self-sustaining instrument for detecting social fraud by feeding in data from inspections into the database fraud scenarios, which then produces more sophisticated risk rankings. The internal audit service of the National Employment Office (ONEM/RVA) has also started a strategic project to spread the use of OASIS indicators to all unemployment offices in the country. This initiative is intended to support a more focused approach by the unemployment office control teams to curtail social benefit fraud
Background	
• Authorities/bodies/organisations involved in its elaboration	Federal Ministry of Employment Labour and Social Dialogue Federal Ministry of Social Security National Office for Social Security National Employment Office
• Targeted groups or institutions	Social security sector institutions
• Start date and duration	2001, ongoing
• Short assessment of transferability potential in the EU	OASIS is a big data solution, which could be transferred to other national contexts, provided the respective e-government capabilities are in place. The key issues to consider are how to ensure the anonymous handling of data and the compatibility of the different incorporated databases.

	It requires long-term planning and sophisticated database, coding, and modelling expertise. The costs of the initial setting up of the database have been assessed at above €5 million.
Sources (provide links if available online)	https://www.ksz-bcss.fgov.be/en http://socialsecurity.fgov.be/projects/thedatamentalist/index.html https://joinup.ec.europa.eu/community/epractice/case/optimized-assessment-suspicious-items-social-security
Metadata and key words for online search	database, data storage, big data modelling, social security, anti-fraud, Belgium, deterrence, data matching, data mining, data sharing

Factsheet 4 – DIMONA (Déclaration IMmédiate/ONmiddellijke Aangifte), Belgium

4_Factsheet_DIMONA.
docx

Title of the tool (in English)	DIMONA (Déclaration IMmédiate/ONmiddellijke Aangifte)
Country / geographical scope	Belgium
Type of tool	Online tool: Electronic system, Register, Database, Service
Scope of the tool	Nationwide tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	DIMONA is an electronic declaration system, which contains information on any employee entering or exiting the workforce in Belgium. It thus allows for the immediate identification of any undeclared or underdeclared employees, as inspection services can cross-check in real time if an employee has been properly registered to work in Belgium or not. Every employer is obliged to register new employees in DIMONA. DIMONA obliges employers to electronically inform the National Social Security Office (Rijksdienst voor Sociale Zekerheid - RSZ) of any employee who enters or leaves a company. In addition to the data on changes in employment, DIMONA also registers other relevant information, such as wages. In such a way data from DIMONA can be used to cross-check statistical data for employment in certain sectors and the economy as a whole, allowing for a macro-level assessment of UDW. DIMONA also has important prevention effects on UDW as it provides benefits to employers and employees too. Employers receive access to online, real-time repository of all their employees throughout the years. Employees benefit from the system, as it provides better guarantees for their social rights. DIMONA and the legal obligation to register with it has existed since 1 January 1999, covering only a limited number of sectors, starting with construction, but was officially launched in January 2003. DIMONA has aided administrative simplification for companies and has improved social security control targeting, which provided additional added value of the tool for tackling UDW. DIMONA is the central element that serves as the link between the various social security and labour bodies attached to the Crossroads Bank for Social Security (Kruispuntbank van de Sociale Zekerheid, KSZ). The integration of different databases through the Crossroads Bank for Social Security allows for improving the tackling of undeclared work through employing big-data analysis techniques, which can serve for better risk analysis and/or targeting of inspections.
• How the tool operates in practice	Once an employee has been appointed or his/her contract has been terminated, the employer should update online

DIMONA with this information. It thus reduces the possibility of fraud, undeclared labor and avoids abuses of the social system.

With the DIMONA online service, the employer can specify:
- that a worker takes up a position;
- that a worker leaves a position;
- that a worker is employed for a longer or shorter period than expected.

The personnel file is placed in the secure DIMONA database. A user name and password is required to use the personnel file.

With the personnel file the employer can:
- add new workers;
- search for workers;
- complete DIMONA declarations for one or more workers (Multi-DIMONA);
- search the notifications for employees.

The Belgian authorities use DIMONA data to:
- perform early identification of workers;
- establish clear relationship between a worker and an employer;
- provide benefits to workers.

If DIMONA returns are completed incorrectly and/or not on time, workers' social rights might be negatively affected, e.g. delays in holiday pay; delays in family or maternity leave allowance payments; losing the right to training vouchers, etc.

Since the end of December 2005, local authorities are able to request a special number from the central social security database for temporary foreign workers, thus allowing their employers to submit a DIMONA declaration.

Through the Crossroads Bank for Social Security, DIMONA data is fed into government databases, which serve to identify and prevent employment-related risks, including undeclared work.

Background	
- Authorities/bodies/organisations involved in its elaboration	National Office for Social Security Crossroads Bank for Social Security
- Targeted groups or institutions	Employers, both local and foreign, as well as their employees
- Start date and duration	January 2003
- Short assessment of transferability potential in the EU	It would be possible to implement DIMONA in other countries as a tool for undeclared work prevention but it requires the existence of sophisticated e-government systems, including guaranteeing high levels of personal data

	protection. It also requires deep internet connectivity penetration to serve all employers.
Sources	https://www.socialsecurity.be//site_fr/employer/applics/dimona/index.htm https://www.eurofound.europa.eu/observatories/emcc/case-studies/tackling-undeclared-work-in-europe/dimona-belgium
Metadata and key words for online search	Online tool, immediate declaration, Belgium, employee, employer, social security, data matching, data mining, deterrence.

Factsheet 5 – International Tax and Investment Center (ITIC)

5_Factsheet_ITIC.doc

Title of the tool in English (Title in original language)	International Tax and Investment Center (ITIC)
Country / geographical coverage	International
Type of tool	Cooperation at cross-country level
Scope of the tool	Cross-country or regional tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	The International Tax and Investment Center (ITIC) is a clearinghouse for taxation and investment know-how, set up for and by businesses and the governments of transition economies. Corporations, accounting and law firms can consult the organization, exchange experience and obtain direct access to key policy makers. The ITIC assists transition and developing countries in laying the foundations of their tax and investment laws. Through its trusted advisory relationship with governments and parliamentary officials, ITIC helps and facilitates the creation and enhancement of enterprises and economic prosperity. By giving legal and organizational advice, ITIC supports activities in favour of undeclared work prevention.
• How the tool operates in practice - key practical takeaways for other Platform members	ITIC's programmes are supported by nearly 100 sponsor companies located around the world, representing a broad industry spectrum spanning the automotive industry, banking/finance, consumer goods, energy, manufacturing, services to technology sectors and more. Over 90% of ITIC's budget comes from the tax-deductible contributions of businesses with an interest in expanding their markets in transition economy countries. ITIC's sponsors benefit directly from the advocacy that ITIC's staff of experts provides. The scope of ITIC services includes: • Providing economic analysis on a broad range of tax policies and reform initiatives in transition economies. • Offering expert advice based on international best practices. • Pursuing a diverse issue agenda with broad geographic reach. • Entering new frontier markets at early stages of development and assisting the establishment of successful investment frameworks.

	- Responding to demand-driven requests from governments around the world seeking ITIC's expertise and capacity-building assistance. - Facilitating "neutral table" engagement that contributes to tangible benefits and peer learning through a global network of platforms and programs. ITIC also brings together taxpayers, tax authorities and independent experts. It has, for the past 22 years, facilitated the development and eventual implementation of real tax reforms. Promotion of investments and growth, as well as contributing to additional budget revenues, have contributed to the success of the tool. By widening the government's administrative capacities, ITIC supports activities, preventing undeclared work expansion. Its premise is that undeclared work is affected not only by labour market policies but also by the wider economic and investment environment in a country. ITIC provides a good model of a privately funded initiative, which targets effectively public policy concerns, such as undeclared work.
Background	
• Authorities/bodies/organisations involved in its elaboration	International Tax and Investment Center (ITIC)
• Targeted groups or institutions	Public authorities and institutions, seeking economic policy capacity development Private organizations
• Start date and duration	1993, ongoing
• Short assessment of transferability potential in the EU	As the organization is operating worldwide, its activities can easily be expanded to other countries, in particular economically and politically less advanced EU member states. However, it needs to be considered that ITIC focuses on non-OECD economies, which generally does not pertain to EU countries.
Sources (provide links if available online)	http://www.iticnet.org
Metadata and key words for online search	consulting, taxation, transition economies

Factsheet 6 – The ILO Handbook on Extending Labour Inspection to the Informal Economy: a Trainer's Handbook

6_factsheet_ILO_ha
ndbook

Title of the tool (in English)	The ILO Handbook on Extending Labour Inspection to the Informal Economy: a Trainer's Handbook
Country / geographical scope	International
Type of tool	Information material, handbook
Scope of the tool	Cross-country or regional tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	The handbook is designed for labour inspectors who are seeking to detect work in the informal economy. It has specifically been developed to address the issue of undeclared work with the ambition of bringing such activity into the 'formal' economy. Labour inspection requires competency and professional training. Without regular and proper training, it can prove difficult, if not impossible, for labour inspectors to provide high-quality service. Therefore, the handbook serves as a tool that provides guidance on numerous competencies and standards which are essential for a good quality labour inspection when tackling undeclared work. This is achieved via a two-day training programme. Day 1 of the training is used to define the informal economy and its characteristics, to provide understandings of relevant ILO standards and principles, and to offer a theoretical overview of strategies for addressing the informal economy. Day 2 is more practical in nature and features a range of themes relevant for 'doing' labour inspection – e.g. decision-making processes and necessary support. Relevant activities accompany each session. The handbook is intended to have 'worldwide' applications. Only one of the chapters requires tailoring for the country inspectorate in question.
• How the tool operates in practice	The handbook comprises a course of nine sessions held on two different days. In each session, the connection between effective inspection and undeclared work is pointed out with the aid of predetermined specified sets of aims and learning objectives. Most of the sessions involve two or more activities. In general, the activities consist on the one hand of a presentation by the tutor and on the other hand of some form of group exercise. Special emphasis is placed on interaction and on participants learning from each other. The sessions are divided as follows:

Session 1: Introduction – The informal economy and labour administration. This session provides an overview of the course.

Session 2: Relevant ILO standards and principles. This session introduces participants to the International Labour Organization's (ILO) position regarding the protection of workers in the informal economy. Relevant ILO instruments and the principles underpinning these instruments will be presented.

Session 3: The informal economy in your country. This session introduces participants to relevant labour legislation/national policies and priorities relating to the informal economy.

Based on the specificity of the above, this session requires the tutor to gather information and to prepare PowerPoints in advance of the session (this is a distinct requirement compared to all other sections of the course which are generic in nature). This is the only section of the toolkit which requires such an input: all other aspects of the training are fully transferable irrespective of the country in question.

Session 4: Regulating the informal economy. This session examines different ways of thinking about regulatory activities, discusses how the behaviour of employers and workers might be influenced by the informal economy and encourages discussion of different types of approaches which may be invoked.

Session 5: Informality and the employment relationship. This session presents different types of informal work and explores different ways to approach specific scenarios. It is intended to allow participants to identify and discuss difficulties associated with specific employment relationships (e.g. as found in such contexts as homeworking, domestic work and agricultural settings).

Session 6: Undertaking an inspection. This session focuses on the specifics of site visits and the issues that should be addressed during visits. It tackles the difference between proactive and reactive inspections; the information that needs to be extracted both prior to and during a visit to a work premises, and the questions which need to be settled; examples of information required, such as terms of employment as issued by the employer; payroll details; copies of payslips and registers of those employed.

The Session exercise includes discussion of basic planning points and ideas for inspections which take place in

domestic/homework settings, agricultural settings, street vending and micro-business environments.

Session 7: Making decisions and follow-up actions. This session deals with the specifics of the decision-making processes in the immediate aftermath of an inspection. Action plans are encouraged as a means of following-up/monitoring inspection outcomes. This may include, for instance, the use of milestones/deadlines for achieving tasks and making decisions (e.g. enforcement decisions or 'softer' resolutions depending on the evidence supplied to the inspector).

Session 8: Supporting labour inspection. This session urges thinking about the necessary conditions for effective inspection activities and develops practical suggestions for using labour inspections to tackle the informal economy.

With a view to upholding labour standards, examples of coordination and cooperation with other departments are introduced. Discussion also includes the possible use of cross-border cooperation initiatives between countries and the use of monitoring groups which may provide joined-up approaches to improve labour inspection.

Session 9: Reflections and close. This session reviews the topics covered and provides a final opportunity for participants to reflect on what they have learned. It also provides a forum for the participants to exchange ideas/views on how they will apply the knowledge they have gained in their role.

Background	
• Authorities/bodies/organisations involved in its elaboration	The International Labour Organization is the provider of the handbook. The labour inspectors are the beneficiaries of the training.
• Targeted groups or institutions	National labour inspectors
• Start date and duration	The Handbook was released in 2015 and its use is ongoing.
• Short assessment of transferability potential in the EU	The practice is highly transferable, as its original aim is to be applied in different countries with different backgrounds in labour inspection.
Sources	http://www.ilo.org http://www.ilo.org/wcmsp5/groups/public/---ed_protect/---protrav/---safework/documents/instructionalmaterial/wcms_422044.pdf
Metadata and key words for online search	Workplace inspection, training, International Labor Organization, labour inspection, deterrence

Factsheet 7 – HM Revenue and Customs on-line diagnostic tools on undeclared income, United Kingdom

7_factsheet_HMRC_
UK.docx

Title of the tool in English (Title in original language)	HM Revenue and Customs on-line Digital Disclosure Service
Country / geographical coverage	United Kingdom
Type of tool	Online tool: Electronic system, Register, Database, Service
Scope of the tool	Nationwide tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	HM Revenue and Customs (HMRC) offers an online tool to the users of its website, which gives citizens and companies the possibility to declare previously undeclared taxable income and bring their tax affairs up to date. Customers using the tool include those identified through specific campaigns run by HMRC, as well as those who are not eligible for a specific campaign but who need to tell HMRC about any unpaid tax. It is thus a voluntary disclosure tool for tackling undeclared income. HMRC publicity about the tool may have also increased awareness among people who might be underpaying tax.
• How the tool operates in practice - key practical takeaways for other Platform members	The tool is an online declaration portal, which allows a person to register their income if it has not been declared and to calculate the tax, interest and penalties due on that income. Customers who use the tool are more likely to qualify for the maximum possible reduction in penalties than those who wait for HMRC to discover the non-declaration themselves. The tool is therefore also beneficial for the authorities tackling the hidden economy. The types of income most often left undeclared could relate to: • renting out property; • capital gains, e.g. from selling assets (property, valuable items or shares); • self-employment income. • investment income If someone is already registered for Self-Assessment, but has not declared all his/her income, the self-assessment return can be modified to that effect within 12 months of the statutory filing date. Otherwise they can use the online tool to report the undeclared income. If customers don't usually submit tax returns, but have used the tool to disclose a continuing source of income, the tool will direct them to register for Self- Assessment.
Background	
• Authorities/bodies/organisations involved in its elaboration	HM Revenue and Customs

• Targeted groups or institutions	Individuals, companies, limited liability partnerships
• Start date and duration	n.a.
• Short assessment of transferability potential in the EU	Even though the practice is easily transferable, there are particularities, such as the need for strict law enforcement and risk detection mechanisms to ensure that there is a drive for customers to make a voluntary disclosure of owed taxes that have not been declared. A similar tool may be suitable for all countries that wish to implement a voluntary disclosure tool for taxes owed that have not been declared to expedite their collection.
Sources (provide links if available online)	https://www.gov.uk/government/publications/hmrc-your-guide-to-making-a-disclosure
Metadata and key words for online search	tax register, undeclared work, self-assessment, UK, HM Revenue and Customs, HMRC

Factsheet 8 –Redditometro online tools, Italy

8_factsheet_Reddit
ometro_Italy.doc

Title of the tool in English (Title in original language)	Redditometro online tool
Country / geographical coverage	Italy
Type of tool	Online tool: Electronic system, Register, Database, Service
Scope of the tool	Nationwide tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	Redditometro (Income Meter) is a software tools, aimed at improving tax compliance and tax collection in Italy, introduced after 2009. The Redditometro, is a risk assessment tool for guiding the inspections of the Agenzia delle Entrate (Italian Revenue Agency) which juxtaposes households' tax returns to predefined consumption group models, based on data of the actual spending patterns of the Italian households.
• How the tool operates in practice - key practical takeaways for other Platform members	• The Redditometro is based on the use of specific income assessment elements, not only actual but also figurative, which are considered to be indicative of a person's contribution capacity and are identified by special ministerial decree. The Redditometro is one of the tools used by the Italian tax authorities to assess the risk of tax evasion and to guide their inspection work. Synthetic income, estimated by the tool, must be higher than the one declared, by at least 1/5, or 20% (the so-called income threshold) to trigger further inspection. The starting point to check the deviation is the declared income. • The tool juxtaposes data from households' income declarations, purchases of certain goods, and pre-defined standard of living household groups to assess whether a household is likely to have evaded taxes by declaring lower income. The household expenditures are controlled through data available in the tax register on purchases of large-scale items and the average expenditure for this type of family unit. If the identified discrepancy is too high, this triggers a financial inspection. The controlled items of expenditure include larger items, like houses, cars, and investments but also any kind of expenditure, which defines the lifestyle of the whole family involved such as clothes, beverages, groceries, power consumptions, health costs, entertainment, education, insurance, and major expenses of various kinds such as art, gifts, jewellery and other valuables. The items have to be matched with the whole family income.

Taxpayers can always prove, even before the notice of assessment is delivered to them, that the highest determined or determinable income is in whole or in part constituted by income other than those received during the taxable period.

This tool has been strongly used in the first years of implementation but since 2015 the investigations have declined to only 2812 (compared to 37 191 in 2012). Indeed, the Redditometro is deemed costly and lengthy, not least due to the safeguards that need to be offered to the compliant taxpayers. In the last years, the Italian Revenue Agency has introduced new strategies to discover tax evasion, less invasive for the taxpayers' privacy, and based on automated verifications. In particular, the recent controls are based on an analytical assessment that takes into account both corporate and individual income.

Background	
• Authorities/bodies/organisations involved in its elaboration	Agenzia delle Entrate (Revenue Agency)
• Targeted groups or institutions	Legal and natural persons
• Start date and duration	Redditometro - 2010, ongoing
• Short assessment of transferability potential in the EU	A highly transferable practice, which however requires highly sophisticated statistical modelling as well as privacy protection laws. The aim of Redditometro is to tackle tax evasion, and thus indirectly it can lead to uncovering undeclared worker.
Sources (provide links if available online)	http://www.ilsole24ore.com/art/norme-e-tributi/2017-07-06/il-fisco-dice-addio-redditometro-pochi-controlli-e-incassi-210850.shtml?uuid=AEb1d3sB https://it.wikipedia.org/wiki/Redditometro http://www.nytimes.com/2013/01/28/world/europe/italys-new-tool-for-tax-cheats-the-redditometro.html http://firstonline.info/News/2017/07/07/redditometro-addio-il-fisco-lo-abbandona/MzFfMjAxNy0wNy0wN19GT0w
Metadata and key words for online search	Italy, online tool; inspection risk assessment, voluntary compliance, big data modelling.

Factsheet 9 – The on-line Entrepreneur Check (Ondernemers Check) tool, The Netherlands

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neur_Check_Netherlan

Title of the tool in English (Title in original language)	The on-line Entrepreneur Check (Ondernemers Check) tool
Country / geographical coverage	The Netherlands
Type of tool	Online tool: Electronic system, Register, Database, Service
Scope of the tool	Nationwide tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	The Entrepreneurs Check is an information and prevention tool for undeclared work, which provides guidance of how the tax authorities are going to assess whether a person is an entrepreneur, in order to declare his/her income correctly. The Entrepreneur Check is a simple online tool consisting of up to 20 questions about the person's employment relationship divided in four sections: autonomy, continuity, risk, and size. Thus, the check provides a tool to tackle the undeclared work related to misuse of (self) employment status.
• How the tool operates in practice - key practical takeaways for other Platform members	The Entrepreneur Check is an online self-assessment software tool and in general does not lead to any legal consequences in terms of tax investigation. It does not bind the tax administration either. But it provides guidance as to what factors would the tax administration consider when determining the employment status of a person for tax purposes at a time of inspection. Entrepreneurs in the Netherlands are entitled to pre-tax deductions, which reduces their tax bill in comparison to employees to take account of the higher risks they face. The answers to the questions of the Entrepreneur Check can be saved and later on provided to the tax authorities though they cannot be used as evidence of a choice of an employment status. If after answering the check a person is in doubt whether they would be considered entrepreneurs by the tax administration, they should contact the responsible office. Declaring the wrong tax status could lead to large retroactive tax charges. Thus, the tool serves as a preventive mechanism for undeclared work related to tax status misinterpretation. It is also an important information tool, which shows the public administration as a reliable partner to citizens. The Tax Administration applies the following criteria to determine whether a person would be regarded as an entrepreneur when paying income tax: the number of clients her/his business has; the degree of independence of the business; the activities performed as expressed in

	the share of time and income devoted; who bears the entrepreneurial risks; the business's position in the market; liability for debts incurred by the enterprise; whether profit is made, and the amount of profit made, etc. If a person meets the standards set, s/he will be entitled to "entrepreneur facilities". These are allowable deductions before taxes, such as investment allowance, tax-deferred retirement reserve and entrepreneur's allowance.
Background	
• Authorities/bodies/organisations involved in its elaboration	Dutch tax authorities
• Targeted groups or institutions	Entrepreneurs
• Start date and duration	2016, ongoing
• Short assessment of transferability potential in the EU	This practice is transferable to those countries with differences in tax regulations for entrepreneurs, self-employed and employees. There is no specific investment required, therefore it can be easily adapted on any platform. The tool is a useful information addition in tackling undeclared work in the cases where there is a difference in the social and health security regulations between entrepreneurs and (self-)employment.
Sources (provide links if available online)	https://www.belastingdienst-ondernemerscheck.nl/ http://www.zogoedgeregeld.nl/voor-zzp-ers/ondernemerscheck-dba https://www.nvj.nl/nieuws/belastingdienst-lanceert-ondernemerschec http://www.expatica.com/nl/finance/Doing-your-taxes-as-a-self-employed-entrepreneur-in-the-Netherlands_105638.html
Metadata and key words for online search	entrepreneurs, tax check, questionnaire, bogus self-employment, self-regulation, awareness raising, Netherlands

Factsheet 10 – International Association of Labour Inspection (IALI)

10_Factsheet_IALI

Title of the tool in English (Title in original language)	International Association of Labour Inspection (IALI)
Country / geographical coverage	International
Type of tool	Cooperation at cross-country level
Scope of the tool	Cross-country or regional tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	The International Association of Labour Inspection (IALI) is the global professional association for labour inspection. It was established in 1972, and has currently over 100 members worldwide. Its activities are dedicated to the reduction of undeclared work through enhancing the capacity of the labour inspectors. The main aims of IALI are: • To promote the professionalism of its members on all aspects of labour inspection, so as to enhance their impact and effectiveness; • To hold international and regional events at which members can exchange ideas and experience about how best to promote compliance with labour law and good practice; • To provide information to its members about professional issues through the Association's website, newsletters, reports and other publications; • To promote closer collaboration between its members, through regional networking and activities. IALI typically works in close partnership with the International Labour Office and other host country organisations, and is increasingly active at regional level.
• How the tool operates in practice - key practical takeaways for other Platform members	IALI activities often focus on working conditions, occupational safety and health topics, as well as other concerns to labour inspectors related to undeclared work, such as illegal employment and child labour. One of the primary goals of the association is to provide efficient measures against informal economy actions. IALI holds conferences all over the world and in recent years it has sponsored events in Bulgaria, Ireland, Germany, and Latvia, often jointly with host countries and the ILO. Information about IALI's activities is regularly communicated to members through its newsletter, the IALI Forum, as well as its website, http://www.iali-aiit.org.

Membership

Membership of IALI is open to any group or association of labour inspectors, Labour Ministry or department of any state (or any region of a Federal state) that is responsible for directing or planning labour inspection.

IALI's organisation

The day-to-day activity of IALI is administered by its Executive Committee, members of which are appointed for 3-year terms. Once every 3 years, IALI also holds a Congress and General Assembly, at which its past and future plans are discussed with all members, decisions are taken about the future direction of the Association and a new Executive Committee is elected. These meetings are usually held in the International Labour Office, Geneva.

Background	
• Authorities/bodies/organisations involved in its elaboration	International Association of Labour Inspection (IALI)
• Targeted groups or institutions	Associations of labour inspectors Labour Ministries Departments of any state that are responsible for directing or planning labour inspection
• Start date and duration	1972, ongoing
• Short assessment of transferability potential in the EU	All EU Member States are represented in IALI, with some having more than one representative organisation. This indicates the possibility for easy transferability of best practices.
Sources (provide links if available online)	https://www.iali-aiit.org
Metadata and key words for online search	undeclared work, labour inspection, international co-operation

Factsheet 11 – EMPACT: European Multidisciplinary Platform against Criminal Threats

12_Factsheet_EMPA
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Title of the tool in English (Title in original language)	EMPACT: European Multidisciplinary Platform against Criminal Threats
Country / geographical coverage	European, EU
Type of tool	Mutual learning: training, peer review
Scope of the tool	Cross-country or regional tool
Short description	
• Key objectives and intended use (content, membership, topic coverage)	EMPACT is a EUROPOL-led, project-based cooperation tool among EU enforcement agencies, which is part of the EU Policy Cycle against the most pressing criminal threats. It is the third, operational step of the policy cycle, preceded by a Serious Organised Crime Threat Assessment (OCTA) and Multiannual Strategic Plans (MASPs), which define the priority criminal threats for the EU and outline action strategies. The first EU Policy Cycle 2014 – 2017 identified human trafficking, and the related labour exploitation as a key threat for the EU. Hence, EMPACT set an Operational Action Plan (OAP) for an EU-wide operation by labour inspectorates and law enforcement authorities targeting organized crime groups trafficking vulnerable people for the purpose of labour exploitation, and by extension – undeclared work. During the operational activities, which took place between 28 May and 5 June 2016, two crime areas, trafficking in human beings and facilitated illegal migration, were targeted with actions carried out in dozens of key geographical hotspots (airports, border crossing points, etc.) where the likelihood of identifying potential victims of trafficking as well as human traffickers and smugglers was the highest. The initiative is a demonstration of the cooperation potential between different law enforcement bodies, which can more effectively tackle the complex nature of undeclared work. The results of the implementation of the OAP are gathered through a secure system (SIENA) in Europol, which informs reviews by the Standing Committee on Operational Cooperation on Internal Security.
• How the tool operates in practice - key practical takeaways for other Platform members	Law enforcement authorities, immigration services and labour services from 21 countries joined forces for the operation. This was the first time that labour inspectors across the EU cooperated so closely with law enforcement authorities in a coordinated way to identify, safeguard and protect victims of labour exploitation. This can serve as a pilot initiative to guide future cooperation between the different agencies.

The operational activities targeted different sectors with high undeclared work risk, such as transportation, agriculture, construction, textile, food and catering industry as well as commercial activities. The competent authorities looked not only |

into key industries where victims are being at greater risk, but also into recruitment websites that may have been used to advertise jobs that result in victims being exploited and into suspect businesses operating across EU borders. Moreover, controls took place at border crossing points in countries of origin, transit and destination.

The exchange of labour inspectors between countries of origin and destination, and the deployment of Member States delegates to the coordination centre set up at Europol's headquarters during the action week, have significantly contributed to the success of the action. This can serve as a pilot model for future such actions at EU level, including specifically targeting undeclared work risks.

During the span of the action week of EMPACT's OAP on human trafficking 47 suspects were arrested for labour exploitation and 275 victims identified and safeguarded. Data gathered during the operation has led to the launch of 23 new investigations in order to identify further suspects and victims linked to human trafficking cases across the EU. The instrument has thus proven a direct measure in the tackling forced labour and undeclared work. The European Platform Tackling Undeclared Work financed through its staff exchange scheme the participation of some inspectors in the 2017 EMPACT campaign.

Background	
• Authorities/bodies/organisations involved in its elaboration	EUROPOL Labour inspectorates Law enforcement authorities
• Targeted groups or institutions	Victims of human trafficking and labour exploitation
• Start date and duration	28 May 2016 - 5 June 2016
• Short assessment of transferability potential in the EU	EMPACT is an EU tool, which should allow for its easy transferability to other policy areas. Member States can also adopt the tool nationally or participate in its implementation through their representatives in Europol.
Sources (provide links if available online)	https://www.europol.europa.eu https://www.europol.europa.eu/crime-areas-and-trends/eu-policy-cycle-empact https://ec.europa.eu/anti-trafficking/sites/antitrafficking/files/situational_report_trafficking_in_human_beings-_europol.pdf https://www.europol.europa.eu/crime-areas-and-trends/crime-areas/trafficking-in-human-beings
Metadata and key words for online search	EUROPOL, human trafficking, forced labour, labour exploitation, organized crime, cooperation among EU enforcement agencies