



EUROPEAN COMMISSION

PRESS RELEASE

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Undeclared work: Commission launches consultation with trade unions and employers' representatives

The European Commission has launched today a consultation with representatives of trade unions and employers' organisations on possible future EU measures to prevent and deter undeclared work through improved cooperation between Member States enforcement authorities, such as labour inspectorates, tax and social security authorities. Such cooperation could include the sharing of best practices on prevention and deterrence measures, identifying common principles for inspections of employers, promoting staff exchanges and joint training and facilitating joint control actions.

László Andor, Commissioner for Employment, Social Affairs and Inclusion, said: "Undeclared work is a scourge – it puts workers at greater risk of poverty and potentially dangerous working conditions. It undermines workers' job security, access to pensions and health care. It deprives governments of tax and social security revenue. Governments, employers and trade unions should work together at EU level to prevent and deter undeclared work".

The consultation will help the Commission to implement its policy objectives to tackle undeclared work, as set out in the April 2012 [Employment Package](#). The Package underlines that transforming informal or undeclared work into regular employment could help to reduce unemployment. The Package therefore highlights the need for improved cooperation on undeclared work between Member States and calls for the creation of an EU-level platform for labour inspectorates and other enforcement bodies to combat undeclared work.

The consultation document gives an overview of the main problems arising from undeclared work (including bogus self-employment), reviews recent studies on undeclared work and outlines the objectives and possible content of a future EU initiative to combat undeclared work. This initiative is due to be adopted in the 2nd half of 2013.

The employees' and employers' organisations have until 20 September 2013 to submit their views and comments.

Background

At European level [undeclared work](#) is defined as "any paid activities that are lawful as regards their nature but not declared to public authorities, taking into account differences in the regulatory systems of the Member States".

Undeclared work is a complex phenomenon, which exists as a result of a range of different factors such as excessively high taxes on labour and other labour costs, over-complex and expensive administrative procedures, low trust in government, lack of control mechanisms, lack of regular jobs on the labour market and high levels of social exclusion and poverty. More efficient ways to tackle undeclared work would help Member States to meet the Europe 2020 Strategy objectives of ensuring that 75% of 20-64 year-olds are employed and that at least 20 million fewer people are in or at risk of poverty and social exclusion.

High levels of undeclared work undermine the EU policy agenda aimed at improving job creation, job quality and fiscal consolidation. Undeclared work has serious budgetary implications due to lower tax and social security revenues. It has negative impacts on employment, productivity and working standards, skills development and life-long learning. It represents only a tenuous basis for pension rights and access to health care.

Preventing and deterring undeclared work falls primarily under the responsibility of the Member States. In view of the complexity and heterogeneity of undeclared work, there is no simple solution to combat it. However, action at EU level to promote cooperation between national authorities and facilitate exchange of best practices could substantially complement the crucial role played by these authorities in preventing, tracking and sanctioning undeclared work.

For more information

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