

European Platform to enhance cooperation in tackling undeclared work

2014/0124(COD) - 09/04/2014 - Legislative proposal

PURPOSE: to establish a Platform to enhance EU cooperation in the prevention of undeclared work.

PROPOSED ACT: Decision of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: the draft decision notes that undeclared work has serious budgetary implications through decreased tax and social security revenues. It has negative impacts on employment, productivity and working conditions, skills development and life-long learning. It results in lower pension rights and less access to health care and causes unfair competition between undertakings. A closely related phenomenon is falsely declared work, or bogus self-employment, which also has negative consequences in terms of health and safety and social security coverage of the workers concerned.

The European Parliament in its [resolution of 14 January 2014](#) called for stronger cooperation and reinforcement of labour inspectorates to fight undeclared work.

The main responsibility for tackling undeclared work lies with Member States and relies mostly on three types of enforcement bodies: labour inspectorates, social security inspectorates fighting fraud on social insurance contributions, and tax authorities. In some Member States, social partners, customs authorities, migration bodies, the police and the public prosecutor's office are involved. It has, however, been noticed that, in some cases, cooperation between these different bodies at national level is not as structured or effective as necessary.

As the **challenges are common to Member States**, and as undeclared work often has a cross-border dimension, EU level action can play an important role by reinforcing cooperation between enforcement authorities within and between different Member States in the prevention and deterrence of undeclared work. At the moment, there is **no formal mechanism** in place for all relevant authorities from Member States to address issues related to cross-border aspects of undeclared work.

The Communication of 2012 "Towards a job-rich recovery" highlighted the need for improved cooperation among Member States and announced the launch of consultations on setting up an EU-level platform between labour inspectorates and other enforcement bodies to combat undeclared work, aimed at improving cooperation, sharing best practices and identifying common principles for inspections.

IMPACT ASSESSMENT: this included several options for enhancing EU cooperation in the prevention and deterrence of undeclared work, and concluded that the preferred option would be the establishment of a European Platform with **mandatory membership**.

LEGAL BASIS: Article 153(2)(a) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the draft decision establishes a Platform to enhance EU cooperation in the prevention and deterrence of undeclared work, composed of national enforcement authorities as nominated by all the Member States and the Commission.

Observers: representatives of the social partners at cross-industry level, as well as from sectors with high incidence of undeclared work may attend meetings of the Platform as observers. Other observers include Eurofound, the European Agency for Safety and Health at Work and the ILO.

Objectives : the Platform will contribute to better enforcement of EU and national law, to the reduction of undeclared work and the emergence of formal jobs, by:

- improving cooperation between Member States' different enforcement authorities at EU level to prevent and deter undeclared work, including bogus self-employment, more efficiently and effectively ;
- improving Member States' different enforcement authorities' technical capacity to tackle cross-border aspects of undeclared work,
- increasing public awareness on the urgency of action and encouraging Member States to step up their efforts in dealing with undeclared work.

To achieve these objectives, the Platform will: (i) exchange best practices and information, (ii) develop expertise and analysis, (iii) coordinate cross-border operational actions.

Tasks: the draft decision sets out a list of tasks that the Platform should carry out for the execution of its mission. These include :

- establishing a knowledge bank of different practices/measures, including bilateral agreements used in Member States to deter undeclared work ;
- adopting non-binding guidelines for inspectors, handbooks of good practice and common principles of inspections ;
- developing permanent training capacity for enforcement authorities and adopting a common framework for carrying out joint trainings ; and
- organising peer reviews to follow Member States progress, including support for the implementation of country-specific recommendations.

Single Point of Contact: to achieve its objectives, the Platform will be supported by a 'Single point of contact' in each Member State who should have the necessary authority to liaise with national authorities dealing with the multifaceted aspects of undeclared work.

Operation: the Commission will coordinate the work of the Platform and chair its meetings.

The Platform shall adopt by majority decision, the rules of procedure, a two-year work programme, and the establishment of working groups to examine issues specified in work Programmes.

Review: four years after its entry into force, the Commission must submit a report on the application of the decision and assess to what extent the Platform has contributed to the achievement of its objectives.

BUDGETARY IMPLICATIONS: Regulation (EU) No 1296/2013 establishes an EU Programme for Employment and Social Innovation ("EaSI") for the period 2014-2020. Funding for the Platform will come from the PROGRESS axis. **An indicative amount of 2.1 million EUR per year is provided for carrying out the tasks**, such as the establishment of practical tools, support by service providers, publishing of common guidelines and principles, and handbooks, developing a permanent training capacity and a common framework for carrying out joint trainings, organising peer reviews and European Campaigns. In addition, grants to finance projects supporting the achievement of the objectives of the Platform will be covered. Up to 224 000 EUR per year will be used to reimburse the costs related to participation in the Platform meetings.

It is also recalled that the European Social Fund (ESF) supports Member States' efforts to improve the quality of public administration. Financing is envisaged within the Multiannual Financial Framework 2014-2020.

The legislative proposal is budget-neutral and does not require additional staff resources.