Undeclared work

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The committee adopted a report by Anne-Karin GLASE (EPP-ED, D) on undeclared work, in which it expressed concern at the political, social and economic damage caused by such work. The rapporteur pointed out inter alia that defining 'undeclared work' was very difficult. Undeclared work had a significant impact on public finances in the form of losses to tax and social security revenue. It also led to the evasion of health and safety rules and of agreements on working hours and minimum wages. The report called on Member States to make an inventory of the main sectors and categories of people concerned. The most efficient types of measure should be combined in an action programme, and steps to combat undeclared work should form part of the active employment strategy. The committee felt that Member States should take both preventive and curative action against undeclared work through clear rules, changes in the burden of taxation and adequate checks and penalties. More cooperation was also needed at European level. In view of the links between the level of undeclared work, the level of tax and social security contributions and the degree of social protection, Member States should try to reduce tax and contribution levels and bring greater flexibility to the labour market. They should also publicise the problem more and enhance social dialogue in order to increase awareness of it. Lastly, the committee expressed its firm belief that VAT reductions introduced in certain labour-intensive services (Council decision of 28 February 2000) were helping measures to combat undeclared work.