



EUROPEAN COMMISSION

PRESS RELEASE

Brussels, 24 March 2014

Undeclared work: survey reveals widespread problem

Around one in ten Europeans (11%) admits that they have bought goods or services involving undeclared work in the previous year, while 4% concede that they have themselves received undeclared pay in return for work. Furthermore, one in 30 (3%) was paid partly in cash by his or her employer ("envelope wages"). These are some of the findings of a Eurobarometer survey which shows that undeclared work continues to be widespread in Europe, though the extent and perception of the problem vary from country to country.

The problems identified in the survey are due to be addressed in a Commission proposal in April to launch a European Platform on the prevention and deterrence of undeclared work that would aim to step up cooperation between Member States to tackle the issue more effectively.

"Undeclared work not only exposes workers to dangerous working conditions and lower earnings but also deprives governments of revenue and undermines our social protection systems. Member States need to implement policies to discourage undeclared work or encourage its transformation into regular work, and to work more closely together to combat this scourge. This is why in April the European Commission will propose to launch a European platform on the prevention and deterrence of undeclared work, that would improve cooperation between labour inspectorates and enforcement bodies across Europe", EU Commissioner for Employment, Social Affairs and Inclusion László Andor commented.

The Eurobarometer survey, carried out in 28 EU countries, shows that:

- 11% of respondents admit that they have bought goods or services involving undeclared work in the previous year, while 4% admit to have carried out undeclared paid activities
- 60% indicate lower prices as the main reason for purchasing undeclared goods or services, and 22% mention doing favours to friends
- 50% mention the benefits to both parties as the main reasons for working on an undeclared basis, 21% mention the difficulty to find a regular job, 16% the perception of taxes being too high, and 15% the absence of other income. Southern Europeans are particularly likely to mention difficulty finding a regular job (41%) or having no other source of income (26%)
- Europeans spend a median yearly amount of €200 on undeclared goods or services, while the median yearly amount earned by those carrying out undeclared work is €300
- home repairs and renovations (29%), car repairs (22%), home cleaning (15%) and food (12%) are the most demanded undeclared goods or services
- Europeans mostly carry out undeclared work in home repairs and renovations (19%), gardening (14%), cleaning (13%) and babysitting (12%).

- Latvia, The Netherlands and Estonia have the highest proportion of respondents providing undeclared work (11%). However, there are important national differences in attitudes and perceptions of what constitutes undeclared work as well as in the nature and volume of the services involved.
- 3% of respondents say they receive part of their pay "cash in hand", a practice more likely in smaller companies. The proportion of annual income received as envelope wages is highest in Southern Europe (69%), followed by Eastern and Central Europe (29%), whereas continental and Nordic countries register lower levels (17% and 7% respectively).

The 2013 [Employment and Social Developments in Europe](#) (ESDE) review provides further analysis of these findings. When compared with a previous survey in 2007, even if the overall extent of undeclared work appears rather stable, there are some distinct country-specific developments:

- The supply of undeclared work decreased sharply in some countries, such as Latvia, while it increased slightly in Spain and Slovenia.
- A spectacular increase in demand for undeclared work was noted in Greece, Cyprus, Malta and Slovenia.
- The incidence of "cash in hand wages" has decreased during the crisis, particularly in Central and Eastern Europe, but it increased in Greece.

Further analysis of the impact of the crisis on the incidence of undeclared work suggest that the weakening of labour markets since 2007 has led to an increase in the private supply of undeclared work, though the link with growing poverty is much less apparent. However, both higher unemployment and growing poverty seem to increase the acceptance of "envelope wages". It also appears that the level of taxation does not directly affect the level of undeclared work, but people's perception of public services and how well tax revenue is spent may have an impact.

The ESDE analysis also includes a review of several successful measures taken in different Member States to combat undeclared work. Such measures include:

- incentives to formalise undeclared activities, such as administrative simplification, direct tax incentives for buyers or service vouchers
- measures to foster higher tax morale and a culture of commitment, for example through awareness-raising campaigns
- better detection and tougher sanctions .

Next steps

In April 2014, the Commission is due to propose the creation of a European Platform on the prevention and deterrence of undeclared work, which would bring together Member States' different enforcement bodies, such as labour inspectorates, social security, tax and migration authorities, and other stakeholders. The Platform would enhance cooperation at EU level in order to prevent and deter undeclared work more efficiently and effectively.

Background

The Eurobarometer interviewed 26.563 respondents from different social and demographic groups in all Member States. Its results build on those of an initial survey in 2007, the first attempt to measure undeclared work on an EU-wide basis. Both surveys have focused on individual supply and purchase of services/goods and "envelope wages", therefore not covering all forms of undeclared work within companies.

[Undeclared work](#) is defined as all paid activities that are lawful as regards their nature but are not declared to public authorities, taking into account differences in the regulations in Member States. This notion has been integrated in the European Employment Strategy and, since 2001, is addressed in the employment guidelines to Member States.

The April 2012 [Employment Package](#) already underlined that transforming informal or undeclared work into regular employment could help to reduce unemployment, as well as the need for improved cooperation between Member States.

In mid-2013, the Commission carried out a first stage consultation with EU-level representatives of employers and employees on possible future EU measures to increased cooperation between national enforcement authorities ([IP/13/650](#)). This was followed by a second stage consultation at the beginning of 2014.

For more information

[Eurobarometer "Undeclared work in the EU"](#)

[László Andor's website](#)

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