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5. Asks to be consulted again if the Council intends to amend the Commission proposal substantially;
6. Instructs its President to forward its position to the Council and Commission.

13. Undeclared work

A5-0220/2000

European Parliament resolution on the Commission communication on undeclared work (COM(1998) 219 – C4-0566/1998 – 1998/2082(COS))

The European Parliament,

- having regard to the Commission communication (COM(1998) 219 – C4-0566/1998),
 - having regard to Directive 96/71/EC of the European Parliament and of the Council of 16 December 1996 concerning the posting of workers in the framework of the provision of services⁽¹⁾,
 - having regard to the joint statement on the black economy by the European social partners in the cleaning industry, the European Federation of the Cleaning Industry (EFCl) and the International Federation of Employees and Technicians (Euro-Fiet), adopted in October 1998 in the framework of their European social dialogue,
 - having regard to the Council Resolution of 22 February 1999 on the 1999 Employment Guidelines⁽²⁾,
 - having regard to the Council Resolution of 22 April 1999 on a Code of Conduct for improved cooperation between authorities of the Member States concerning the combating of transnational social security benefit and contribution fraud and undeclared work, and concerning the transnational hiring-out of workers⁽³⁾,
 - having regard to Council Decision 2000/185/EC of 28 February 2000 authorising Member States to apply a reduced rate of VAT to certain labour-intensive services in accordance with the procedure provided for in Article 28(6) of Directive 77/388/EEC⁽⁴⁾,
 - having regard to Rule 47(1) of its Rules of Procedure,
 - having regard to the report of the Committee on Employment and Social Affairs and the opinion of the Committee on Women's Rights and Equal Opportunities (A5-0220/2000),
- A. whereas one cause of undeclared work is poverty, which clearly can be seen in the statistics showing that the problem is greater in poorer regions and low-income sectors,
- B. whereas other major causes of undeclared work include high tax and contribution rates for individuals, and excessive administrative burdens and on-costs on businesses,
- C. whereas the phenomenon of undeclared work appears to be growing in many Member States and to be expanding faster than the formal economy,

⁽¹⁾ OJ L 18, 21.1.1997, p. 1.

⁽²⁾ OJ C 69, 12.3.1999, p. 2.

⁽³⁾ OJ C 125, 6.5.1999, p. 1.

⁽⁴⁾ OJ L 59, 4.3.2000, p. 10.

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- D. whereas it is by definition difficult to determine the extent of undeclared work,
- E. whereas undeclared work has a significant impact on public finances, owing to the resulting tax and social contribution revenue losses, and whereas it leads to evasion of rules on health and safety at the workplace and agreements on working hours and minimum wages and distorts cooperation between the social partners and, in short, is causing considerable political, social and economic damage in the European Union,
- F. having regard to the estimated share of undeclared work in GDP and the demonstrable importance of the GDP in calculating politically important matters such as budget deficit and public debt, regional underdevelopment, economic growth or poverty,
- G. whereas action against undeclared work will make a substantial and direct contribution to action against unemployment and represents a firm intention and an effort to create stable, secure employment (quality employment),
- H. whereas the fight against undeclared work means that there has been a clear infringement of the law and demonstrates a lack of solidarity on the part both of those who make such work available and of those who seek and accept it (although their responsibilities are quite different), and whereas it is therefore a serious matter,
- I. whereas awareness of the extent of the damage caused by undeclared employment is growing only very slowly,
- J. whereas action against undeclared work is needed at all political levels, irrespective of the impact or effect which undeclared work has on the economy of each state, region or smaller local area,
- K. whereas undeclared work can be successfully combated only by a combination of prevention and deterrence, by improving conditions on the one hand and by detection and sanctions on the other,
- L. having regard to the nominal increase in, and also the potential shift of, undeclared work as a result of enlargement and the efforts required to chart the nature and scope of undeclared work in the countries of Central and Eastern Europe,
1. Calls as the first step for each Member State to make an inventory of the sectors and categories of person most concerned, and hopes that the most efficient forms of action in these individual situations will be selected and combined in a programme of action;
 2. Calls for an interdisciplinary or interministerial body (based on the French example) to coordinate all activities and all players in the framework of this action programme to implement this action programme;
 3. Asks to be informed whether or not the Member States (in agreement or otherwise with trade union organisations) have already adopted initiatives designed to combat undeclared work; if so, asks to be informed regarding the instruments adopted and the results achieved;
 4. Considers that action against undeclared work should, in view of its volume and high growth rate, form an active part of the employment strategy and policy on social cohesion;
 5. Refers in this respect to the usefulness, and the necessity, of initiatives to establish standard rules for paid domestic work which is largely performed by women;
 6. Calls therefore for the incorporation of the action programmes into the National Action Plans for the employment policy guidelines to create reciprocal transparency and for the assessment of their effectiveness;

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7. Calls on the Commission to develop methods to describe and register the forms and extent of undeclared work and to assess its impact on the economy and on social solidarity;
8. Calls on the Commission also to make the information thus gathered available to all political decision-makers in an annual report and to intensify this process by an annual conference;
9. Calls on the Member States to take action, both preventive and curative, against undeclared work through clear rules and changes in the burden of taxation, and repressive action through adequate checks and sufficient penalties, preferably with a deterrent effect; given the cross-border trend in the labour markets, this presupposes, at European level, an exchange of information and personnel, cooperation between detection and prosecution services, coordination of inspections (particularly in border areas) and of the courts (execution of judgements) and harmonisation of minimum standards on checks and sanctions;
10. Calls, in the light of enlargement, for these minimum standards also to be part of the *acquis communautaire* (administrative law) or the *corpus juris* (penal law);
11. Urges, in view of the links between the level of undeclared work and the level of tax and contributions and the degree of social cohesion and social protection, that Member States will make further efforts to reduce tax and contribution levels and to bring greater flexibility to the labour market, while guaranteeing social protection;
12. Is convinced of the positive effect on action against undeclared work of the reduction in VAT rates for labour-intensive services which Council Decision 2000/185/EC allows the Member States to make, and calls on the Member States which have not yet taken this opportunity to review their decision; calls on the Commission also to evaluate the impact of this Council Decision and to consider the possibility of prolonging it after this evaluation;
13. Believes that European legislative activity must take greater account of the problem of undeclared work, for example in efforts to coordinate taxation and social security and in respect of other measures generating administrative expenditure and cost which can help increase undeclared work;
14. Calls on the Commission to evaluate in particular the incidence of cross-border undeclared work and the exploitation of under-age working;
15. Calls for the exclusion of 'black sheep' from tendering for or the performance of public contracts placed in the Member States or by the EU institutions or in connection with public projects financed by the structural funds;
16. Calls on governments to ensure, when contracts are awarded, that none is awarded to firms whose bid is clearly based in part on undeclared work;
17. Calls on the Commission to investigate the phenomenon of undeclared work in declared firms, i.e. firms where the same workers work partly on a declared basis and partly undeclared (on the black) and, where appropriate, to submit proposals for combating this;
18. Calls for a form of solidarity liability for large contracting firms which, because of unrealistic prices, force their suppliers into a position where they can no longer cover their costs and regard undeclared work as of trivial importance;
19. Calls for the creation, based on EU legislation and the 'Dutch model', of the option of greater joint and several liability for general contractors and subcontractors;

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20. Calls on the Council to develop the April 1999 code of conduct into an effective instrument;
21. Calls on the Commission in this connection to revise Directive 96/71/EC on the posting of workers in view of its shortcomings in practice, and in particular to strengthen cooperation between the Member States pursuant to Article 4 of that directive;
22. Calls on the Member States to increase their efforts to combat bogus self-employment but also at the same time to adapt certain protective rules to this type of work when they meet the genuine needs of the economy;
23. Calls on the social partners to tackle undeclared work with greater determination and hopes that appropriate rules to encourage formal employment contracts will be adopted in order to ensure that workers whose situation has been regularised by means of a contractual agreement enjoy the fiscal and contributory benefits offered to the newly employed under the laws of their particular Member State;
24. Calls on the Member States to give more publicity to this problem, of which there is as yet insufficient public knowledge and awareness, to strengthen social dialogue and to organise information campaigns to that effect, especially in conjunction with the social partners;
25. Calls on Member States to introduce the right for the social partners to bring a collective legal action as a means of putting a check on undeclared work;
26. Takes the view that, in the interests of the individual, of a functioning labour market and of the affordability of social security systems, measures should be taken to promote the integration of undeclared work into the normal labour market, for example: adaptation of employment law, flexible working hours, reduction in tax burden and granting of separate social protection independently of the spouse's occupation;
27. Calls for the launching of a debate in depth on the future form of social security systems with a view to curbing undeclared work, in the light of the changes caused by the development of communications technology and the flexibilisation of employment;
28. Calls for suitable means and methods to be studied and developed in order to prevent non-declared work from infiltrating new ways of working (internet, home working, part-time working, etc.);
29. Emphasises that, while women overall are not over-represented where undeclared work is concerned, when compared with men they nevertheless account for a far larger proportion of jobs in a number of areas of the labour market that are characterised by low skills, poor job security, low wages and low or non-existent social protection;
30. Points out that the generally weaker position of women on the labour market is often due to their family obligations, as a result of which access to the official labour market is hampered and underpaid and undeclared work more readily accepted; points also to the resulting serious consequences for the career advancement of women; advocates information campaigns for those concerned about the risks and drawbacks of engaging in undeclared work and about the holding of factory inspections;
31. Calls on the Commission to step up monitoring of compliance with the principle of equal treatment in the Member States and, in so doing, to make full use of the legal bases created by the Amsterdam Treaty; asks the Commission for an annual report on the progress achieved;
32. Instructs its President to forward this resolution to the Council, Commission, Member States, social partners, the International Labour Organisation and the governments of the Member States.