Preventative approaches for tackling undeclared work, focusing upon tax rebates and notification letters

*Learning resource paper for the European Platform tackling undeclared work seminar*

Prof Colin C. Williams

Brussels, 16 May 2019
LEGAL NOTICE

Neither the Commission nor any person acting on behalf of the Commission is responsible for the use which might be made of the following information.

The information contained in this publication does not necessarily reflect the official position of the European Commission.

This learning resource paper is part of the work programme 2019-2020 of the European Platform tackling undeclared work established through Decision (EU) 2016/344. The information contained in this publication does not necessarily reflect the official position of the European Platform.

For any use of material which is not under the European Union copyright, permission must be sought directly from the copyright-holder(s) indicated.

This publication has received financial support from the European Union Programme for Employment and Social Innovation ‘EaSI’ (2014-2020). For further information please consult: http://ec.europa.eu/social/easi
Table of contents

EXECUTIVE SUMMARY........................................................................................................ 1
1 PREVENTATIVE INITIATIVES: OUTCOMES AND CHALLENGES .............................. 2
  1.1 Supply-side incentives ............................................................................................... 3
  1.2 Demand-side incentives ............................................................................................ 4
  1.3 Awareness-raising initiatives .................................................................................... 5
  1.4 Modernising formal institutions ............................................................................... 6
2 A SUPPLY-SIDE INCENTIVE: NOTIFICATION LETTERS ...................................... 7
3 A DEMAND-SIDE INCENTIVE: TAX REBATES ..................................................... 11
4 KEY LEARNING OUTCOMES ..................................................................................... 14
REFERENCES ..................................................................................................................... 16
APPENDIX 1 ....................................................................................................................... 18
EXECUTIVE SUMMARY

On 16th May 2019, the European Platform tackling undeclared work organised a seminar in Brussels on preventative approaches towards undeclared work, with a focus upon tax rebates and notification letters. This brought together Platform members or designated representatives from EU Member States representing labour inspectorates and tax authorities, and social partners. The intention was to provide participants with an opportunity to engage in mutual learning and exchange knowledge on a preventative approach towards tackling undeclared work. Participants reflected on the advantages and disadvantages of using preventative measures, especially tax rebates and notification letters.

The starting point was recognition that there is a need to shift away from resolving non-compliance after it has occurred and towards preventing the problems arising in the first place. Deterrence policy measures, which penalise offenders and improve their risk of detection, deal with the effects. They do not prevent undeclared work from happening.

This report describes the outcomes of the seminar, which builds upon an earlier Platform study on preventative approaches (Williams, 2018a), and the Plenary thematic discussion in March 2018 which focused upon service vouchers and awareness raising initiatives as preventative measures (Williams, 2018b, 2018c), as well as the background paper prepared before this seminar (Williams, 2019).

Section 1 briefly reviews some of the outcomes and challenges reported at the seminar related to implementing preventative measures in Member States. This is followed by a review of the presentations on the challenges and outcomes of using notification letters and tax rebates in sections 2 and 3 respectively, along with the resultant learning outcomes in section 4.

Key findings:

- **Effective preventative approaches are long-term, tailored strategies.** Over time, they can trigger behavioural change to declare work and increase trust in institutions. Preventative strategies should combine a range of measures and must be regularly tested, evaluated and adapted according to the results. Pilot schemes can be used to find effective ways to tailor approaches to the national context and culture. However, preventative approaches and deterrence approaches are complementary. Both can be used to tackle undeclared work.

- **Moving towards preventative measures requires a change of strategy of the role of enforcement institutions.** A preventative approach requires support of all relevant institutional and civil society stakeholders - a strong partnership should be based on a shared vision and operational strategy. This can involve introducing key performance indicators (KPIs) to assess, for instance, the number of legitimised labour relations; overcoming internal resistance; and reviewing staff competencies and skills.

- **When carefully designed, preventative approaches can be cost effective and relatively straight-forward to implement.** Examples from the seminar such as using notification letters to ‘nudge’ behaviour towards compliance have shown positive results in transforming undeclared work into declared work through cost effective means - they require few resources and make use of existing information on non-compliant individuals or businesses. Other examples used in broader labour legitimising policy efforts, such as providing tax rebates for using declared work, can be costly in the short term but can have longer-term benefits including an increase in tax receipts through a positive impact on attitudes to tax morality.

- **Notification letters should be targeted, tailored and make it easy to comply. Results should be publicised.** The recipients of notification letters can be identified through data mining, analysis and matching, combined with risk assessment. Examples presented by Estonia, Greece, Lithuania and Spain indicated a range of effective methods when designing the content of notification letters. These included
experimenting with the ‘severity’ of language used, ensuring easy-to-follow instructions, personalising the letter to the recipient and locality, and reinforcing examples about the positive compliant behaviour of others (e.g. ‘9 out of 10 businesses in your area pay their tax on time’). Severity in language ranged from reminding the recipient about the risks and impact of non-compliance, to detailing personal impacts such as their increased risk of sanctions, inspections and the consequences of being caught. To maximise impact, the outcomes could be publicly communicated, follow-up visits arranged, and support and advice offered.

- **Tax rebates can be effective but should be easy to claim and carefully calibrated to ensure a positive cost-return ratio.** Tax rebates are mostly used in sectors where cash is commonly used, including household work, nursing and care work. As such they also have wider benefits such as stimulating economic growth in targeted sectors and supporting families. Examples from Denmark, Finland and Sweden showed that while complex to initiate (due to regulatory systems, and requiring long-term political and public support which is not always easy to obtain), there is mostly a positive response to such schemes. However, to ensure cost effectiveness, tax rebates should calculate that the level of the tax reduction is sufficient to outweigh the benefits of sourcing from the undeclared economy over the long-term. Piloting these actions in sectors where undeclared work is prevalent can be a good first step. Other learning from these examples showed that the claim procedure should be as simple as possible, it should be widely accessible, the risk of abuse should be anticipated and mitigated, and the administration should take place through a single agency with dedicated staff.

1. **PREVENTATIVE INITIATIVES: OUTCOMES AND CHALLENGES**

   **Key question:** What are the outcomes and challenges of implementing preventative policy initiatives?

Figure 1 summarises the policy measures available for tackling undeclared work. This displays that preventative measures are of four broad types:

1) **Supply-side incentives** that make the conduct of declared work more beneficial and easier for employers and workers.

2) **Demand-side incentives** that make the purchase of declared goods and services easier and more beneficial.

3) **Awareness raising activities** which promote the declaration of undeclared work by changing norms, values and beliefs about the acceptability of non-compliance.

4) **Modernising formal institutions** to revise governance e.g. improving procedural and redistributive fairness and justice, and address structural conditions associated with a higher prevalence of undeclared work e.g. lower levels of social expenditure.

The 2017 survey of Platform members provided a baseline assessment of the use of preventative measures in EU Member States (Williams and Puts, 2017). This revealed that Member States still heavily relied upon ‘deterring’ undeclared work using sanctions and by increasing the risks of detection. Preventative measures were less commonly used (see the diagrams in Appendix 1). However, over the past few years, changes have started to occur, reflected in the presentations given at the seminar.

One of the main barriers to the implementation of preventative measures highlighted in the 2017 survey of Platform members was that preventative measures are not always perceived to be as effective as deterrents when tackling undeclared work because of the lack of an evidence-base. Presentations at the seminar started to address this issue in relation to each of the four types of preventative measure.
Figure 1: Policy measures for tackling undeclared work

1.1 Supply-side incentives

Supply-side incentives promote the declaration of undeclared work by making the conduct of declared work more beneficial and easier for employers and workers. To do so, a range of measures are available. These include initiatives that: simplify compliance; use direct and indirect tax incentives to make it beneficial to operate on a declared basis; provide support and advice about how to start-up legitimately; provide advisory services for existing businesses and workers wishing to be compliant; and offer individual-level voluntary disclosure.

A presentation from Belgium revealed how advisory and support services via announced inspections had been used since June 2015, with the dates announced at least two weeks in advance on the ministerial website and communicated to social partners. In 2019, six days of announced inspections were undertaken in nine sectors sensitive to undeclared work (e.g. cleaning, construction, taxi, road transport, restaurants). These were largely joint inspections with several enforcement authorities involved. Businesses were provided with a check-list of what they need to do to comply. The outcomes of announced inspections between 2016-2018 in terms of detected irregularities, do not show a clear correlation between announced inspections and reduced undeclared work. However, several shortcomings were identified in how the practice was implemented, that if addressed could result in higher impact. Notably, four key lessons can be learned from the use of advice and support services via announced inspections in Belgium. Firstly, such inspections need to be better advertised. At present, it is largely only on the ministerial website, so better use needs to be made of social media. Secondly, inspectors displayed resistance to change towards more advisory and supportive inspections, displaying the need for better training and education of inspectors on a preventative approach. Thirdly, there is a need to provide check-lists in a more customer-friendly easily-understandable format for businesses. Fourth and finally, social partners need to be more involved in the design and implementation.
In **Greece**, meanwhile, and reflecting how deterrence and preventative initiatives are not always separate and their separation can be fuzzy in practice, a sanctions system has been introduced to **provide incentives for businesses to shift undeclared into declared work** (see Box 1).

### Box 1. An incentive to transform undeclared work into declared work, Greece

Greece has revisited its deterrents to start to transform them into incentives to transform undeclared work into declared work.

The fine for undeclared work is set at EUR 10 500 for each undeclared employee. However, the employer can hire within 10 days the undeclared employee to decrease the fine by the following amounts:

- EUR 7 000 if they hire the employee for 3 months;
- EUR 5 000 if they hire the employee for 6 months; and
- EUR 3 000 if they hire the employee for 12 months.

**Outcomes**

In 2017, before the new sanctions system, only 32% of undeclared workers were hired by the employer after the inspection, of which two-thirds were hired on a part-time basis and only one-third on a full-time basis.

For the period August 2018 - February 2019 since the new sanctions system has been introduced, 45% of detected undeclared employees have been hired by the employer, all of them on a full-time basis. Of those hired full-time:

- 91% have been hired for 12 months;
- 3% have been hired for 6 months; and
- 6% have been hired for 3 months.

This early evaluation suggests that employers are taking advantage of this incentive and a greater proportion of detected undeclared workers are being hired on a declared full-time basis.

This Greek initiative clearly displays how deterrents can have a preventative effect. Effective deterrence constitutes a necessary and primary ‘preventative’ measure because deterrents dissuade employers from employing undeclared workers.

### 1.2 Demand-side incentives

Besides making it easier and/or beneficial for suppliers to operate in the declared economy, it can also be made easier and/or beneficial for those who might potentially purchase from the undeclared economy to use the declared economy.

Besides service vouchers, already discussed in-depth at the March 2018 Plenary thematic discussion (see Williams, 2018c), other demand-side incentives include the use of electronic payment systems to reduce cash usage, receipts lotteries, targeted indirect tax incentive schemes (i.e. VAT reductions) to reduce undeclared work in risky sectors (e.g. home improvement and maintenance) and initiatives to influence consumer behaviour to reduce undeclared work (e.g. labelling initiatives). There are also targeted direct tax incentives that can be used to transform undeclared work into declared work.

The **ETUC** presentation drew attention to the use of a range of demand-side incentives, including service vouchers, especially in Belgium, and the use of social labels to ensure respect for workers’ rights and to strengthen the fight against undeclared work.

A presentation from **Slovenia**, meanwhile, highlighted how a deterrent measure can be developed in a manner that provides incentives for purchasers to transform undeclared work into declared work. In Slovenia, certified cash registers have been introduced for the
tax administration to record all transactions. Some EUR 2 million had been spent by the tax administration on upgrading the information system and analytical tools. In 2018, 54,213 taxpayers were using fiscal cash registers that issued more than 1 billion invoices (2.8 million per day). Although certified cash registers, which send the transactions automatically to the tax administration, are in use in other EU Member States, what is innovative about how they are used in Slovenia is that the purchasers can electronically check whether the invoice has been verified. This check can be done on the Financial Administration's web page or using an App called 'Check the invoice' simply by scanning the code on the invoice. To incentivise purchasers to do so, purchasers become eligible for a prize fund which pays up to EUR 25,000 using a random lottery draw.

The outcome is that the number of offences detected have increased from 1,978 in 2016 to 2,517 in 2017 and 3,135 in 2018, resulting in fines totalling EUR 2.9 million in 2016, EUR 4.8 million in 2017 and EUR 5.9 million in 2018. For Member States where certified cash registers are introduced, this example provides an alternative demand-side incentive to the receipts lottery that has started to be commonly used (see Williams, 2018a).

1.3 Awareness-raising initiatives

Besides providing incentives to attract work into the declared economy, there has been recognition that undeclared work is not always a purely rational economic decision. Non-compliance often results from a lack of trust in the state and/or a lack of understanding of the benefits of compliance (see Williams, 2018a). Education and awareness-raising campaigns can therefore play a key role in tackling undeclared work.

In Hungary, supported by a European Social Fund (ESF) grant, an education and awareness-raising campaign was developed in recognition that many labour infringements are caused by a lack of knowledge of labour law among workers and employers (see Box 2).

**Box 2. Awareness-raising campaign in Hungary**

Between 2012 – 2015, a EUR 12 million ESF-funded project was launched to enhance the effectiveness of the labour inspection system in Hungary. One of the four pillars of the project was an information campaign, which received funding of EUR 2 million.

The campaign made use of a variety of channels and outreach tools, which reached thousands of people. For instance, more than 1 million people visited the web page, 11,000 participants attended the festival and the road show, and about 160,000 visitors accessed the YouTube page.

An important learning point from the implementation of the campaign was that for more effective use of resources, it is best to develop short and catchy messages to be disseminated through selected communication tools. Commercial and social media proved to be more cost-effective than paper alternatives (e.g. flyers). However, an evaluation of the impact of the measure on reducing undeclared work was not done.

The seminar also heard about a public awareness-raising campaign on undeclared work in **Greece** targeted at students aged over 16 in technical schools. Visits were undertaken to 20 schools in the Attica region in late 2017 by inspectors and social partners’ representatives to talk to students who would mostly be entering lower-paid technical occupations where undeclared work is prevalent. Information was distributed to the students and presentations were given by inspectors, followed by questions and discussion.

The presentation by **ETUC** also drew attention to the important role of education and awareness-raising among migrant workers. One aspect was the **Project UnionMigrantNet**, a European network of contact points providing services to migrants, which has been established, managed and supported by trade unions. The main aims are to: strengthen trade union activities aimed at enforcing the rights of migrants, regardless of their status; increase the visibility and accessibility of trade union services for the integration of migrants at work and in society; and encourage trade union membership amongst
A web portal (www.unionmigrantnet.eu) enables contact points to liaise and exchange information. Additionally, attention was drawn to the important educational and advocacy role of trade unions in defending undocumented workers and the wide range of initiatives being pursued.¹

1.4 Modernising formal institutions

A final type of preventative measure is that which seeks to modernise enforcement authorities by making them more customer-friendly and approachable, to improve trust in government and therefore prevent participation in undeclared work.

The presentation on Latvia and the modernisation of its State Labour Inspectorate (SLI) argued that this was at the core of its new strategy. In Latvia, the SLI had recently changed its policy approach from a ‘control’ approach to a new preventative approach. Various drivers contributed to this decision, including a mutual assistance project and wider Platform events; a Latvian cross-government ‘consult first’ initiative; the strategic compliance planning approach proposed by the ILO (ILO, 2017); and the outcomes of an ESF project on improving working conditions.

Taking on board the resultant ideas about the configuration of a modern labour inspectorate, the SLI has developed a new strategy for 2018-2019. This shifts away from using traditional Key Performance Indicators (KPIs) such as the number of inspections conducted and the ‘effectiveness’ indicator of the number of instances of undeclared work identified (previously set at 25% by the SLI). Instead, the SLI have adopted new pilot KPIs. These include firstly, the number of legitimised labour relations (using 2018 as a base and then seeking a 10% increase in 2019) and secondly, the number of advice/support consultations provided (with enterprises selected in two sectors where undeclared work is prevalent for piloting). An initial finding is that in 76% of the cases where undeclared work was encountered, the persons received a formal labour agreement or had been registered with the State Revenue Service.

Indeed, the experience from Latvia was that the traditional KPIs used to measure deterrence measures also need to be reconsidered. The impact of inspections was conventionally measured by the number undertaken and the proportion identifying cases of undeclared work. In a more preventative approach, however, a high number of detected cases in inspections becomes more a measure of the failure of the SLI to prevent undeclared work. It is therefore the case that the effectiveness of deterrence measures, such as inspections, also need to be evaluated in terms of the number of legitimised labour relations that result.

The Latvian SLI has experienced various obstacles in modernising and adopting this more preventative approach: shifting the mindset of inspectors in terms of their working methods; gaining the trust of employers and society; pursuing cooperation with other enforcement authorities; and gaining cooperation from social partners and NGOs.

Several lessons were learned by the Latvian SLI from their experience in introducing a more preventative approach. A key lesson is that there is no point in making minor changes but instead, a more comprehensive reformulation of strategy should be pursued. To do so, it is essential to use available expertise (in their experience, learned through mutual assistance projects and best practices) and to involve staff and stakeholders from the beginning. Such change is a slow process and requires as an initial step training inspectors on the benefits of a shift towards a more customer-friendly advisory role, and the establishment of new competencies in communications, to facilitate a preventative approach.

A presentation on Greece reported similar experiences and lessons from their introduction of a more preventative approach in the Hellenic Labour Inspectorate (SEPE). Developing a national strategy to tackle undeclared work had been one of the conditions for receiving

¹ For more information see the see: https://www.etuc.org/sites/default/files/publication/files/brochure_unionmigrantnet_2017_en_v2.pdf.
post-crisis financial assistance. In addition, the ILO provided technical assistance to implement a 2016-2019 Road Map for tackling undeclared work. This led to a shift away from a conventional deterrence approach to the adoption of a range of preventative measures (e.g. awareness-raising campaigns, the provision of support and advice on formalisation, use of e-payments, notification letters and a receipts lottery). To achieve this, a tripartite Supreme Labour Council was established to oversee their implementation. All stakeholders were involved from the initial stage of designing the new strategy and the Council ensured that they remained fully involved during its implementation. Again, the decision was taken to adopt as fully as possible a holistic approach rather than pursue minor changes to the traditional deterrence approach.

The ETUC presentation also reinforced the important role of moving towards modern enforcement authorities which work closely with the social partners. Attention was again drawn to the Supreme Labour Council in Greece, and how trade union members have been actively involved in the design and implementation of the strategy towards undeclared work, and even participated in operations (e.g. inspections) in the city of Athens.

The Hellenic Labour Inspectorate reported that an additional way they had tried to build confidence in the State was by providing access for workers to its IT system, so that they can see their own records. This had been agreed with the social partners. Beforehand, only employers had access to ERGANI to declare their hiring, firing, working schedules of employees, annual leave, contracts and overtime work. Employees had the legal right to be informed, but often in practice this did not occur. The result was the employees’ lack of knowledge of the declaration by their employer about them. Employees will now have direct access to their own accounts, with the intention of reducing non-compliance and building trust in the State. This was due to take effect in June 2019.

2 A SUPPLY-SIDE INCENTIVE: NOTIFICATION LETTERS

Key questions:

- What lessons can be learned from the previous use of notification letters?
- What types of notification letter work and what types do not?
- If a pilot initiative is established to experiment with notification letters, how should it be designed?

The seminar participants heard how the use of notification letters derives from a behavioural economics approach which seeks to use them to ‘nudge’ the behaviour of different population groups towards compliance. Notification letters are post or email communications from enforcement agencies to companies or workers, giving information on applicable legal obligations and systems of control in place. Although this has been most widely applied to tax compliance², the seminar participants heard how labour inspectorates have recently begun to also use them.

Presentations showed that different types of letter exist. These can be classified based on the “severity” of the content and the tone used, which is tailored to the targeted audience. For instance, soft letters may be limited to indicating the applicable employment rules, the risks of non-compliance, and indicate where additional information can be found. Harder letters instead may indicate that the labour inspectorate has some evidence of possible irregularities, could announce inspections and invite the recipient to regularise employment with the shortest delay indicating the risks if caught.

Participants heard how tax authorities outside the EU had used letters to nudge behaviour. An initiative in Canada was reported that 8,000 taxpayers who had been assessed as owing up to C$950 in taxes but had not paid, were targeted in 2014. A half received friendly encouragement ‘nudge’ letters and a half were threatened with punishment. They found that the friendly nudge letters collected 12% more taxes owed than the standard punitive letter (Beeby, 2017).

In Costa Rica, firms who had not submitted an income tax declaration received from the tax authority either (i) no email, (ii) a behaviourally informed email (personalised including a deterrence message and a direct web link), or (iii) the same email but with examples of transactions of the firm. While 11.5% receiving no email submitted declarations, 32.5% of businesses sent a behaviourally informed email did so. Including third-party information in the email increased declaration to 34.2% of businesses.

Seminar participants were also informed about the use of notification letters in labour inspectorates and in the EU. In the context of Greece, seminar participants heard about a six-month pilot evidence-based evaluation by the Hellenic Labour Inspectorate (SEPE) of notification letters (see Box 3). Presentations were also provided of the use of notification letters in Spain, in the construction sector in Estonia (Box 4), and in Lithuania (Box 5).

In the examples from both Greece and Estonia, it is the harder notification letter which was found to be more effective than the softer letter. Box 4 below provides the different content of the hard and soft notification letter used in Estonia.

Overall, whichever type is used, notification letters proved to be a powerful tool to transform undeclared work to declared work. The examples reviewed at the seminar show that the letters resulted in a significant increase in the number of new contracts, of working hours and/or wages, and consequent increase in social contribution payments. For instance, in Spain, 81,639 notification letters were sent to companies identified to employ workers on a temporary basis or having more than 30% of the workforce on part-time contracts (no more than 12 hours per week). As result, 61,445 fixed-term contracts were transformed into open-ended contracts (76.3% of the workers) and of the companies contacted about part-time workers, 8,824 part-time workers witnessed an increase in their working hours (17.5% of the workers).

Box 3. An evidence-based evaluation of the use of notification letters to change employers’ behaviour in Greece

Between December 2018 and June 2019, the Hellenic Labour Inspectorate has been conducting an evidence-based evaluation of the impact of using nudge letters in four regional departments. Using the ERGANI database risk analysis tool, 2,434 businesses in two sectors (cafes/restaurants and hair/beauty) were subject to either: a gentle nudge letter; a strong nudge letter; an announced inspection letter, or an unannounced inspection.

Outcomes

To evaluate the impact, the ERGANI employment records system was used to assess whether the employers receiving each type of letter has altered their records on full-time and part-time employees, working hours, and overtime.

The analysis showed that personalised strong nudge e-mails were more effective than un-personalised gentle nudge emails. Announced inspection letters resulted in an
increase of 30.95% in full-time contracts in the first month after the letter was sent, compared with 5.74% in the control group.

Box 4. Notification letters in the construction sector, Estonia

In Estonia, 13% of all employees receive envelope wages and 30% of all employees view envelope wage payments as acceptable. The tax loss from envelope wages is EUR 149 million per year and as such, the Estonian Tax and Customs Board’s (ETCB) strategic objective is to reduce the share of envelope wages to below 4% by 2021.

The ETCB used ‘nudge’ theory to increase employers’ payroll tax compliance. Focusing upon the construction industry, employers were targeted if declared wages were below 70% of the industry’s average. Co-operating with the Praxis Centre for Policy Studies, anthropologists conducted interviews with employers to understand their reasons for paying envelope wages. Between January to September 2018, notification letters which built upon these findings were then sent to the above construction businesses.

The notification letters significantly increased declared payroll taxes by 12.1%-13% compared with the control-group over a three-month (June-August) follow-up period. The e-mail outlining possible penalties (the strict letter) had a significantly greater effect than the cooperation-oriented one (softer letter).

Content of the soft and hard notification letter used in the Estonian construction sector [English translation from Estonian]

Dear, [Full Name]!

Our aim is to ensure that you and other entrepreneurs in the Estonian construction sector could compete on a fair market. That is why we will now be paying more attention to undeclared payroll taxes.

We are deploying new initiatives to combat payroll tax evasion. In addition, from 10th of July we will start thoroughly auditing a random selection of companies. The audits will concern entrepreneurs whose employees earn less than 70% of the industry average. Our selection may include [recipients company name]. In that case, we will analyse your tax data and together with you, we will figure out whether all this year's wages have been declared and payroll taxes payed.

**E-mail version A (softer):** If not, then we will discuss together with you whether these problems are temporary or more permanent and how can we help you so that in the future, [company name]'s pays all tax due.

**E-mail version B (strict):** If not, then you have to: (1) pay any tax unpaid; (2) pay interest on any unpaid tax; (3) pay a fine for keeping tax you owe to yourself; (4) take into account that you may have restrictions to participate in state-commissioned projects.

We are glad to see that evasion of payroll taxes has become steadily rarer in Estonia over the recent year – 92% of all workers in Estonia earn wages for which payroll taxes have been paid in full.

Every year, Estonia loses out on EUR 100 million in unpaid payroll taxes. This is the equivalent of the annual budgets of ambulance and fire services combined.

We kindly ask you to review [company name] upcoming payroll declarations to be sure that taxes are paid in full from June onwards. By doing this, you contribute to fair competition as well as maintaining crucial public services in Estonia.

We thank you if you have paid your payroll taxes in full.

Tax and Customs Board
Box 5. ‘Warned to choose’ and ‘cherry letters’ in Lithuania

‘Warned to Choose’ model

The State Tax Inspectorate (STI), in cooperation with the State Labour Inspectorate (SLI) and the State Social Insurance Fund Board (SSIFB), sought to reduce risks related to non-recording of all hours worked by employees and payment of a part of wage/salary in envelopes. In 2015 to 2016, 40 000 risky taxpayers, selected through a comparison of the databases of the SLI, STI and the SSIFB, were sent warning letters. Companies were informed that wages paid for their employees are significantly lower compared to other companies operating in that particular sector and/or region.

Outcomes

As a result of the 40 000 letters sent in 2015, average wages increased by 15-17% in 2016 compared with 2015, EUR 68 million was paid in extra wages and EUR 27 million extra tax was collected.

Cherry letters initiative

In May 2017, the Social Security authority (SODRA) sent 138 000 ‘cherry letters’ to employees, of which 132 000 reached the recipient. The main purpose was to report to them that as an employee in the last year, they did not accumulate one year of pension contributions because it is likely that they were involved in undeclared or under-declared work. Among the recipients of ‘cherry letters’ were 13 000 heads of companies and administration, 23 000 engineers, specialists and technicians, 37 000 skilled workers and 30 000 unskilled workers.

Outcomes

The income of 50 000 employees who received the ‘cherry letters’ grew and their salary exceeded the minimum monthly salary. SODRA earned EUR 17 million more social security contributions over four months. The average salary reported increased by 55%.

The lessons learned from the presentations and wider literature identified the following insights as useful regarding the content of notification letters for them to be effective:

- the letter should make it easy for the recipient to comply, such as by providing a hyperlink or stating what is the next step they need to take;
- the letter should highlight the key messages, namely the important information or actions required upfront;
- personalised letters and language should be used so that people understand why the message or process is relevant to them;
- letters should inform them about the positive compliant behaviour of others (e.g. ‘9 out of 10 firms pay their tax on time’) and references in the letter to the situation in their specific locality increases effectiveness;
- letters should highlight the risks and impact of non-compliance (e.g. the wider impacts on public services and the personal impacts on them such as their increased risk of inspections and the consequences for them of being caught).

The new consideration that arose out of the seminar is that notification letters could be applied to many other types of undeclared work, including undeclared work in the collaborative economy (if third party data was provided by individual collaborative platforms to enforcement authorities) as well as bogus self-employment, under-declared working time, letterbox companies, social insurance contribution evasion and unregistered employment.
A key success factor for notification letters to be effective, however, is that **data mining, analysis and matching** needs to be coupled with effective **risk assessment** methods to identify potential recipients. Following the sending of notification letters, there then needs to be effective announcements and communication of the outcomes, as well as effective sanctions that can be imposed, follow-up inspections, and accompanying support and advice in the form of education and awareness raising in order that businesses can be compliant.

A wider key success factor for the effective use of notification letters is that a ‘**test, learn and adapt**’ approach could be adopted by enforcement authorities. Following a first round of notification letters to test various formats (e.g. hard and soft letters, and following-up with inspections, emails and letters), the results need analysing so that lessons can be learned, in order that the second round of such notification channels can use what has been found to work in the previous round and experiment with small variants to further improve their effectiveness. For example, if hard notification letters sent by email accompanied with the announcement of an inspection are found to be effective, then the second round can experiment for instance with comparing stating and not stating a date for the inspection. Using this ‘test, learn and adapt’ approach, a more effective use of notification letters can emerge. The experience in Greece showed that the analysis of the results of the pilot phases is complex and time consuming. Therefore, sufficient resources should be allocated and carefully planned.

Finally, part of this ‘test, learn and adapt’ approach should be experiments to test the **duration of the impacts** of sending notification letters (e.g. monitoring to see if businesses sent a notification letter one year are more compliant than the control group not sent a notification letter in the second and third years after the notification letter is sent). As this type of preventative approach is still in pilot or test phases in some countries, general conclusions about the **long-term impacts** of notification letters cannot be made at this stage, such as how many times they can be repeated. This will need to be evaluated by measuring whether there is a decline in their effectiveness over time, and what is required to maintain their effectiveness (e.g. whether follow-up inspections are necessary to maintain their effectiveness).

### 3 A DEMAND-SIDE INCENTIVE: TAX REBATES

**Key questions:**

- What lessons can be learned from existing tax rebate schemes for those considering the adoption of such a policy initiative?
- Are tax rebates schemes transferable to other Member States? What is preventing their adoption (e.g. cost)? Can they be viewed as an investment with a return?
- In what activities and sectors might tax rebates usefully be used? How does one estimate what level of tax rebate to use?
- Is it feasible to establish a pilot initiative to experiment with a tax rebate scheme? How could one do so?

35% of Member States responding to the 2017 Platform annual survey asserted that they provide targeted direct tax incentives (e.g. income tax reductions or subsidies) to purchasers of declared goods and services to tackle undeclared work. However, this is far more common in Northern than Southern Europe and is an alternative to the use of service vouchers.

A tax rebate can take the form of a reduction in the amount of tax that must be paid, or an or an amount that is paid back to consumers as tax relief. To learn about this provision, three presentations were given by Denmark (Box 6), Finland (Box 7) and Sweden (Box 8).
The examples of tax rebates reviewed at the seminar, showed that (effective) tax rebates have three important characteristics:

- They focus on sectors where undeclared work is prevalent such as household cleaning, home repair, maintenance and improvement, and caring functions.
- The level of the tax rebate is sufficiently high to ensure that engaging in declared transactions outweighs the benefits of sourcing from the undeclared economy, to make it interesting to the individual to use it.
- The systems in place to report the transaction to the enforcement authorities, as well as the management tools used by authorities, are made as easy as possible to use (e.g., by using digital solutions and self-declarations).

The boxes below give greater details of how each scheme works.

**Box 6. Tax rebates in Denmark: BoligJob - plan**

In Denmark, the ‘private family residence/job’ initiative (BoligJob – plan) allows a private individual (i.e. registered tax-payers with residence) to receive a tax rebate as a deduction on their taxable income (self-assessment) for expenses related to services in the private household, such as house cleaning, child-care, garden work, home repair, maintenance or amelioration work (only in private residence).

This initiative started as a pilot in 2011 as a response to the crisis in the construction sector, increasing unemployment, and a greater prevalence of undeclared work.

The reduction is limited to the 26% of the value of the wages – not material costs (e.g. expense of EUR 800 gives back approx. EUR 210) - and can only be applied if the company is registered in Denmark. The beneficiary is obliged to use electronic payments (and store the bill) and to report electronically to the tax authority (by self-assessment).

**Outcomes**

The scheme proved to be popular, with the number of people using it increasing from 360 000 in 2011, to 570 000 in 2015, whilst the costs of reimbursing the 26% of the costs increased from EUR 147 million in 2011, to EUR 213 million in 2015.

In 2015, new conditions were introduced with a focus upon green refurbishments (e.g. new windows, roof insulation) and broadband/Wi-Fi and alarm installation. The deduction was reduced to a maximum per annum of EUR 800 for services (e.g. house cleaning, baby-care, garden work) and EUR 1 650 for home maintenance and improvement, but still with 26% of the costs being reimbursed.

The result was that in both 2016 and 2017, 425 000 have used the scheme with EUR 106 million reimbursed each year.

**Box 7. Tax rebates in Sweden: the RUT and ROT deduction**

In Sweden, two tax deductions exist for consumers: the RUT (Cleaning, Maintenance and Laundry) deduction has been in existence since 2007 and seeks to tackle undeclared work mainly in the household services sector, and applies to household cleaning, maintenance and laundry. It allows a deduction of 50% of the labour cost up to EUR 2 500 /year and can be used by everyone over 18 years old.

The ROT (Repairs, Conversion, Extension) deduction commenced in 2008 and was originally a stimulation package for the construction industry during a time where many companies were going bankrupt. It allows a deduction of 30% of the labour costs up to EUR 5 000 /year for repairs, conversions and extensions, and can again be used by everyone who owns a household or apartment and is over 18 years old.
Around 5 million applications a year are made with a total amount of around EUR 1.5 billion annually paid out to businesses by the Tax Agency. The customer gets the deduction on their income tax return.

## Box 8. Tax rebates in Finland

Starting in 2001, the tax credit for domestic help allows taxpayers to deduct part of the amount paid for certain work done in their home or holiday home.

The current system is based on experimentation with two different pilot systems: a **business support model** in western and eastern parts of Finland, and a **tax support model** in southern and northern parts of the country.

Although both systems were used to similar extents, the business support model required more administrative work and was therefore more expensive to the State, so the tax support model was adopted.

In the **tax support model**, taxpayers are entitled to a credit (deduction from tax) in their taxation for the costs for household work, nursing or nursing care, as well as maintenance or refurbishment of a home or a second residence.

The deductible costs are limited to labour costs only, not goods and materials and travel costs. The deduction is limited to a maximum of EUR 2 400 per taxpayer *per annum* for eligible costs exceeding EUR 100. Spouses living in the same household can both have the maximum deduction. Also, underage children are entitled to the deduction if they have income of their own and they pay the work costs themselves. If a spouse does not have enough income tax, the unused part of the deduction can be transferred and deducted in the other spouse’s income taxation.

### Outcomes

The number of taxpayers who use the deduction has multiplied since 2001.

<table>
<thead>
<tr>
<th>Tax Year</th>
<th>Total deduction (euros)</th>
<th>Number of taxpayers</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>364 363 826</td>
<td>383 437</td>
</tr>
<tr>
<td>2015</td>
<td>382 938 439</td>
<td>393 596</td>
</tr>
<tr>
<td>2016</td>
<td>392 668 372</td>
<td>406 483</td>
</tr>
<tr>
<td>2017</td>
<td>444 352 717</td>
<td>425 845</td>
</tr>
</tbody>
</table>

Discussions at the seminar showed that carefully designed tax rebates can **effectively help to tackle undeclared work**. In the short-term, they encourage the use of declared work, by providing a financial incentive to reduce the advantage of using undeclared work.

Evaluations conducted in Sweden and Finland showed that in the long term, tax rebates can also contribute to changing public attitudes towards undeclared work – a larger part of the population is less likely to use undeclared services than before.

Additionally, the practice in Sweden also indicated that the tax rebate can indirectly serve to combat undeclared work by providing an additional tool to tax authorities to collect information enabling an indirect cross-check on the finances of a business for risk assessment purposes (i.e. the annual revenue should correspond to at least double a received reduction. If this is not the case, there is something suspicious).

However, for these positive effects to appear, several inter-linked factors should be taken into account when setting up tax rebate schemes.
• Firstly, despite the grants on an individual basis being only for small amounts, tax rebate schemes can be highly popular and hard to discontinue. The large number of beneficiaries makes the scheme appear to be costly. However, once the additional tax income is taken into account, tax rebates can be cost neutral, as displayed in Sweden where the evaluation of the scheme concluded it is a zero-sum investment (each euro spent is returned in form of tax revenue), especially if they target spheres where undeclared work is prevalent.

• Secondly, the tax-return benefit as discussed above, as well as the positive impact on fighting undeclared work is likely to only take place in the medium to long period of time, as they are linked to processes e.g. behavioural changes, that take time to happen.

• Thirdly, rebates schemes are politically sensitive, as they imply significant investment, are at risk of abuse, and may raise equity concerns as they will be not equally beneficial for all tax payers, depending on the tax system.

• Lastly, tax rebates can serve not only to tackle undeclared work, but usually pursue multiple purposes, notably supporting economic growth in selected sectors during a recession, improving housing conditions (i.e. by incentivising refurbishment of households), and increasing (declared) employment.

In light of the above, participants agreed on the importance of using pilot actions to put in place well-thought out tax rebate schemes tailored to the national context and needs.

Key elements that pilots should address include:

• Ensure strong political and public opinion support (which can be difficult to attain). For instance, wide discussions should be engaged in about equity aspects and a participatory approach pursued to agree who will benefit from the scheme, when planning/designing the pilot.

• Ensure that sustainability is thought about at the beginning, to ensure a sufficient return on investment, such as by targeting sectors where undeclared work is prevalent, so as to significantly increase tax income.

• Take into account the specific regulatory situation in each Member State when deciding how the tax deduction is claimed.

• Simplify administration of the scheme by having one agency and dedicated staff responsible for the initiative. For instance, in Sweden, there is one agency with 120 dedicated staff dealing with the tax rebates.

• Anticipate risks of abuse, and identify mitigation methods.

4 KEY LEARNING OUTCOMES

Preventative approaches to tackle undeclared work are still relatively nascent. They require testing and further evidence is needed of their long-term impact. However, the seminar provided a good evidence base of the impacts of some preventative measures, including tax rebates and notification letters.

Effective preventative approaches require comprehensive changes and long-term strategies. Experiences shared at the seminar showed that one-off individual preventative measures often only have a short-term impact. However, there are indications that preventative measures can have a long-term effect contributing to long-lasting behavioural changes and boosting trust in institutions. For this to happen, there is a need for a comprehensive system of action using a combination of tools - as opposed to one-off activities - to be implemented in conjunction with deterrence measures.

Such an approach therefore requires a change of strategy of enforcement institutions. This requires a rethinking of their role that goes beyond control functions to
also include a customer-friendly advisory role, which implies the need for new competencies and skills. It also involves introducing new KPIs that shift, for example, from assessing impact based on the number of detected violations to assessing the number of legitimised labour relations. Experiences shared at the seminar showed that this change requires the full involvement of all internal and external stakeholders to build support among all relevant institutional and civil society stakeholders, and develop a shared vision and operational strategy. Therefore, careful planning and sufficient resources are needed.

In this context, for countries implementing new preventative initiatives, **pilot schemes** can be an effective starting point, being mindful that these are likely to be more effective as a part of longer-term overarching preventative strategies described above. **Evaluation of these schemes** is essential. Evaluation can include sampling, including control groups and target sectors; clarifying how the impact will be measured (e.g., formalisation of labour relations; return on investment/cost effectiveness) and evaluated; learning from pilots and adapting the scheme based on the evaluation; and testing the revised scheme.

**Countries can learn from existing examples** about what works well and what does not, to develop their own tailored approaches. Authorities and social partners engaging in preventative approaches should seek opportunities to learn from experiences with specific preventative measures (for instance through learning exchanges, reviewing examples of practice, collaborating with other authorities and Member States). Additional mutual learning could also take place about how KPIs could be reformulated.

**Further work could be done to develop strategies and plans of the staff competencies and skills** required by authorities pursuing a more preventative approach. Training could be enhanced for existing staff around new skills.

Looking further ahead, notification letters could be applied to other types of undeclared work - including undeclared work in the collaborative economy as well as bogus self-employment, under-declared working time, letterbox companies, social insurance contribution evasion and unregistered employment.

To take forward the learning from this seminar, the **Platform** could notably:

- Provide support for members and social partners to exchange learning in relation to the strategic planning of the **staff competencies and skills** required by inspectorates who are introducing a more preventative approach and measures.

- Encourage Member States and social partners to use **staff exchanges** and mutual assistance projects to visit others to learn from their experiences not only regarding notification letters and tax rebates, but also strategies towards developing preventative approaches more generally.

- Provide opportunities for further discussion of how strategic objectives and **KPIs** can be reformulated to reflect the **complementarity** of preventative and deterrence approaches.

- Inform Member States of the **funding opportunities** available, such as the European Social Fund (ESF), and the Structural Reform Support Services (SRSS), to experiment with these preventative measures, and to train staff in the new competencies and skills required.
REFERENCES


Williams, C.C. (2018b) *Background paper to Plenary thematic discussion on a preventative approach*, European Platform Tackling Undeclared Work, Brussels

Williams, C.C. (2018c) *Final report of Plenary thematic discussion on a preventative approach, focusing upon service vouchers and awareness raising*, European Platform Tackling Undeclared Work, Brussels


Good practice fiches [https://ec.europa.eu/social/udw](https://ec.europa.eu/social/udw)

Lithuania - Warned to choose notification letters

Spain - Notification letters to companies

Presentations at European Platform tackling undeclared work seminar on *Preventative approaches for tackling undeclared work, focusing upon tax rebates and notification letters*, Brussels, 24 January

Ābols, J. (2019) ‘What are the obstacles to the development of a more preventative approach to undeclared work and how can they be overcome? Lessons from Latvia’.


Mogensen, J. (2019) Using tax rebates to promote the declaration of undeclared work: Bolig-Jobplan


## APPENDIX 1

**PREVALENCE OF DETERRENCE AND PREVENTATIVE MEASURES IN THE EU28, 2017**

1. Detecting and punishing non-compliance is heavily used

<table>
<thead>
<tr>
<th>Policy Measure</th>
<th>EU 28 (n=23)</th>
<th>Western Europe (n=7)</th>
<th>Nordic (n=3)</th>
<th>East-Central Europe (N=9)</th>
<th>Southern Europe (N=4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct deterrence measures - penalties</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of penalties and fines for companies</td>
<td>96%</td>
<td>100%</td>
<td>100%</td>
<td>88%</td>
<td>100%</td>
</tr>
<tr>
<td>Use of penalties and fines for purchasers</td>
<td>43%</td>
<td>71%</td>
<td>67%</td>
<td>33%</td>
<td>9%</td>
</tr>
<tr>
<td>Use of “blacklists”</td>
<td>33%</td>
<td>57%</td>
<td>0%</td>
<td>21%</td>
<td>25%</td>
</tr>
<tr>
<td>Data matching and sharing</td>
<td>96%</td>
<td>100%</td>
<td>100%</td>
<td>89%</td>
<td>100%</td>
</tr>
<tr>
<td>Workplace inspections</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Registration of workers prior to starting work or on first day/week of work</td>
<td>87%</td>
<td>71%</td>
<td>67%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Coordination of strategy on undeclared work across government departments</td>
<td>83%</td>
<td>86%</td>
<td>100%</td>
<td>85%</td>
<td>39%</td>
</tr>
<tr>
<td>Coordination of operations across government departments (e.g. joint operations/workplace inspections)</td>
<td>87%</td>
<td>100%</td>
<td>100%</td>
<td>78%</td>
<td>75%</td>
</tr>
<tr>
<td>Coordination of data mining and sharing across government departments</td>
<td>83%</td>
<td>100%</td>
<td>100%</td>
<td>78%</td>
<td>50%</td>
</tr>
<tr>
<td>Use of peer-to-peer surveillance (e.g. telephone hotlines to inform about abuses/cases?)</td>
<td>87%</td>
<td>86%</td>
<td>100%</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Certification of business, certifying payments of social contributions and taxes</td>
<td>74%</td>
<td>86%</td>
<td>67%</td>
<td>44%</td>
<td>50%</td>
</tr>
<tr>
<td>Use of mandatory ID in the workplace</td>
<td>48%</td>
<td>71%</td>
<td>67%</td>
<td>44%</td>
<td>0%</td>
</tr>
<tr>
<td>Supply chain responsibility</td>
<td>43%</td>
<td>71%</td>
<td>0%</td>
<td>44%</td>
<td>25%</td>
</tr>
</tbody>
</table>
2. Improving the benefits to alter the cost/benefit ratio is less used

<table>
<thead>
<tr>
<th>POLICY MEASURE</th>
<th>EU 28 (n=23)</th>
<th>Western Europe (n=7)</th>
<th>Nordic (n=3)</th>
<th>East-Central Europe (n=9)</th>
<th>Southern Europe (n=4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Simplify procedures for complying to existing regulations</td>
<td>78%</td>
<td>86%</td>
<td>100%</td>
<td>56%</td>
<td>100%</td>
</tr>
<tr>
<td>Society-wide amnesties</td>
<td>17%</td>
<td>14%</td>
<td>0%</td>
<td>22%</td>
<td>25%</td>
</tr>
<tr>
<td>Individual-level amnesties for voluntarily disclosing undeclared activity</td>
<td>17%</td>
<td>29%</td>
<td>0%</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>‘Formalisation’ advice to start-ups</td>
<td>85%</td>
<td>86%</td>
<td>100%</td>
<td>56%</td>
<td>25%</td>
</tr>
<tr>
<td>‘Formalisation’ support services to existing businesses</td>
<td>81%</td>
<td>86%</td>
<td>100%</td>
<td>44%</td>
<td>25%</td>
</tr>
<tr>
<td>Direct tax incentives (e.g. exemptions, deductions)</td>
<td>85%</td>
<td>71%</td>
<td>67%</td>
<td>67%</td>
<td>60%</td>
</tr>
<tr>
<td>Targeted VAT reductions</td>
<td>43%</td>
<td>43%</td>
<td>67%</td>
<td>44%</td>
<td>25%</td>
</tr>
<tr>
<td>Provide free record-keeping software to businesses</td>
<td>9%</td>
<td>14%</td>
<td>33%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Provide fact sheets on record-keeping requirements</td>
<td>43%</td>
<td>43%</td>
<td>100%</td>
<td>44%</td>
<td>0%</td>
</tr>
<tr>
<td>Provide free advice/training on record-keeping</td>
<td>48%</td>
<td>57%</td>
<td>33%</td>
<td>44%</td>
<td>50%</td>
</tr>
<tr>
<td>Service vouchers</td>
<td>26%</td>
<td>43%</td>
<td>33%</td>
<td>11%</td>
<td>25%</td>
</tr>
<tr>
<td>Targeted direct tax incentives (e.g. income tax reductions/subsidy)</td>
<td>35%</td>
<td>43%</td>
<td>67%</td>
<td>33%</td>
<td>0%</td>
</tr>
<tr>
<td>Targeted indirect taxes (e.g. VAT reductions)</td>
<td>30%</td>
<td>43%</td>
<td>33%</td>
<td>22%</td>
<td>26%</td>
</tr>
<tr>
<td>Initiatives for customers to request receipts (e.g. lottery for receipt)</td>
<td>26%</td>
<td>14%</td>
<td>33%</td>
<td>33%</td>
<td>25%</td>
</tr>
</tbody>
</table>
3. Awareness raising and modernising the formal institutions is starting to be used

<table>
<thead>
<tr>
<th>POLICY MEASURE</th>
<th>EU 28 (n=23)</th>
<th>Western Europe (n=7)</th>
<th>Nordic (n=3)</th>
<th>East-Central Europe (N=9)</th>
<th>Southern Europe (N=4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Campaigns to inform suppliers of undeclared work of the risks and costs of working undeclared</td>
<td>83%</td>
<td>86%</td>
<td>100%</td>
<td>76%</td>
<td>75%</td>
</tr>
<tr>
<td>Campaigns to inform suppliers of undeclared work of the benefits of formalising their work (e.g. informing them where their taxes are spent)</td>
<td>55%</td>
<td>25%</td>
<td>67%</td>
<td>67%</td>
<td>55%</td>
</tr>
<tr>
<td>Campaigns to inform users of undeclared work of the problems of purchasing goods and services from the undeclared economy</td>
<td>57%</td>
<td>57%</td>
<td>100%</td>
<td>56%</td>
<td>25%</td>
</tr>
<tr>
<td>Campaigns to inform users of undeclared work of the benefits of declared work (e.g. informing citizens of the public goods and services they receive with the taxes collected)</td>
<td>61%</td>
<td>45%</td>
<td>100%</td>
<td>67%</td>
<td>56%</td>
</tr>
<tr>
<td>Normative appeals to businesses to operate on a declared basis</td>
<td>45%</td>
<td>57%</td>
<td>67%</td>
<td>33%</td>
<td>56%</td>
</tr>
<tr>
<td>Measures to improve the degree to which customers of enforcement agencies believe they have been treated in a respectful, impartial and responsible manner</td>
<td>45%</td>
<td>57%</td>
<td>100%</td>
<td>33%</td>
<td>25%</td>
</tr>
<tr>
<td>Measures to improve tax/social contributions/labour law knowledge</td>
<td>75%</td>
<td>86%</td>
<td>100%</td>
<td>67%</td>
<td>75%</td>
</tr>
</tbody>
</table>