



Public register of employers infringing the ban on illicit employment

Slovakia

	<p>Summary</p> <p>The publicly accessible register of employers that infringe the ban on illicit employment is a non-financial penalty for businesses that engage in undeclared work. It also allows potential employees, business partners, customers, and other agencies to check the register for employers that engage in undeclared work.^{i ii}</p>
<p>Title of the practice in original language</p>	<p><i>Administratívne sankcie nelegálneho zamestnávania a práce: Verejne prístupný zoznam fyzických osôb a právnických osôb, ktoré porušili zákaz nelegálneho zamestnávania</i></p>
<p>Name(s) of authorities/bodies/ organisations involved</p>	<ul style="list-style-type: none"> ▶ The Slovakian National Labour Inspectorate (<i>Národný inšpektorát práce</i>); ▶ Central Office of Labour, Social Affairs and Family (<i>Ústredie práce, sociálnych vecí a rodiny</i>); ▶ Ministry of Labour, Social Affairs and Family (<i>Ministerstvo práce, sociálnych vecí a rodiny</i>); ▶ Regional Labour Inspectorates (<i>Regionálne inšpektoráty práce</i>).
<p>Sectors</p>	<p>All</p>
<p>Target groups</p>	<ul style="list-style-type: none"> ▶ Employers (directly targeted); ▶ Employees (indirectly targeted).
<p>Purpose of measure</p>	<p>Deterrence: increase penalties</p>

	<p>Aims and objectives</p> <p>The measure aims to deter employers from engaging in illicit employment. Once a fine is imposed, the employer is included for a five year period on a list or register of those contravening the ban on illicit employment. This publicly available list works as a “name and shame” deterrent and verifies the credibility of employers. The measure is relatively cost-effective.</p>
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Background context

- ▶ Sanctions for violating the ban on illicit employment are divided into financial and non-financial penalties. Employers who illicitly employ persons are fined between EUR 2 000 and EUR 200 000 (the minimum fine is EUR 5 000 if two or more persons are discovered to be illicitly employed);
- ▶ Administrative sanctions include, for example, cancellation of trade licences, withdrawal of a temporary work agency’s licence, no access to EU funds and public tenders for a period of 5 years, etc;
- ▶ Illicit workers may be fined EUR 331, removed from the jobseekers’ register, and obliged to re-pay any unemployment benefits received (if relevant);
- ▶ The Labour Inspectorate maintains a publicly accessible register of employers who have infringed the ban on illicit employment in the past five years.

Key objectives of the measure

General Objective:

- ▶ To reduce the number of employers engaging in illicit employment practices.

Specific Objectives:

- ▶ To impose an additional non-financial sanction on employers for infringing the ban on illicit employment which is less administratively-heavy;
- ▶ To provide publicly available information on employers to potential employees, business partners, and customers, thereby increasing transparency of government and policy approaches.

Main activities

- ▶ Where a labour inspector detects an infringement of the ban on illicit employment, it is reported in the results of the labour inspection (protocol);
- ▶ The protocol is the basis for initiating administrative proceedings, the result of which is a valid decision imposing a fine;
- ▶ Currently, from the date the decision to impose a fine is validated (i.e., final and without means to appeal), the employer is included in the register without undue delay. The employer remains on the register for five years;
- ▶ Data in the register relating to the employer infringing the ban includes, for example, business name, place of business, identification number. Data also includes the date of detection (this information will not be included from 1 January 2023) and



	<p>date of entry into force of the decision to impose a penalty. Data about the type of infringement are not visible publicly;</p> <ul style="list-style-type: none"> ▶ After inclusion on the list, the employer cannot be removed from it, except on expiry of the five year period and a possible change in the related decision on which the registration was made (i.e., extraordinary corrective measures); ▶ Being on the register has negative consequences for employers which may include the loss of some rights in accordance with specific regulations. The employer is, for example, not eligible for government financial contributions under Act no. 5/2004 Coll. (e.g., contributions concerning state aid in connection with the COVID 19 situation), nor subsidies from state budget expenditures (employers are obliged to repay the subsidy if they breach the ban), or European Union funding, etc.ⁱⁱⁱ
<p>Funding/organisational resources</p>	<ul style="list-style-type: none"> ▶ The maintenance of the register falls within the exclusive competence of the National Labour Inspectorate; ▶ Several organisations are included in the implementation of this measure - data from the register are provided to them separately (for example, Central Office of Labour, Social Affairs and Family, Ministry of Labour, Social Affairs and Family, other ministries, and state agencies).



Outcomes

The number of infringements has continually fallen due to the register, together with the overall number and amount of fines imposed on employers. The public register is user-friendly and will be developed by additional digitisation.

Achievement of objectives

- ▶ As of August 2022 there were 2 979 employers on the register.^{iv} The number has fallen from 3 677 in June 2021;^v
- ▶ Anyone can search the publicly available information on the register. In 2021 there were approximately 13 000 searches performed on the list;
- ▶ In 2021 more than 12 500 certificates were issued by the labour inspectorates, used by employers to verify to other authorities that they have not been included on the register;
- ▶ In 2021 a total of 548 fines were imposed and EUR 2 221 500 collected in fines from employers who had infringed the ban on illicit employment;



	<ul style="list-style-type: none"> ▶ The monetary amount of fines decreased between 2017 and 2021 by approximately 60%; ▶ The number of detected cases of illicit employment is also decreasing.
Lessons learnt and success factors	<ul style="list-style-type: none"> ▶ The measure is relatively cost-effective, as once the database has been established, most of the administrative work (e.g., issuing certificates to employers) is automated; ▶ There can be difficulties with the publication and processing of data on foreign employers, especially identification numbers and their subsequent pairing in information systems; ▶ New legislation will enter into force from January 2024 which will make it the responsibility of the National Labour Inspectorate to exchange this information electronically with all state institutions (there is a plan to include the data from the register into the universal hub for the exchange of information on the state level).
Transferability	<ul style="list-style-type: none"> ▶ The practice is easily transferable. It requires a database and application published on the website of the Member State's Labour Inspectorate. Appropriate legislation needs to be set in place beforehand.

Further information

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Useful sources and resources	<p>Publicly accessible register of employers who have infringed the ban on illicit employment</p> <p>https://www.ip.gov.sk/app/registerNZ/</p> <p>Act 125/2006 Coll. on labour inspection and on amendment of the Act. No. 82/2005 Coll. on illegal work and illegal employment and on amendment of certain acts</p> <p>https://www.ip.gov.sk/wp-content/uploads/2019/03/ZZ_2006_125_20170501_FINAL_anglicky-2.pdf</p>



ⁱ Treľová, S. (2018). Odhaľovanie čiernej práce na Slovensku. *GRANT Journal*, 7(1), 90-93. Available at: <https://www.grantjournal.com/issue/0701/PDF/0701.pdf>

ⁱⁱ The term “undeclared work” is not used in Slovak legislation. Act No. 82/2005 Coll. (specifically, Section 2) provides the most relevant legal reference on illicit work and illicit employment:

Section 2, para 2: *Illegal employment is employment by a legal person or a natural person who is an Entrepreneur, provided they utilise dependent work a) of a natural person and do not have an employment relationship with them or a civil service relationship pursuant to a special regulation, (absence of written form of employment contract), b) of a natural person, they have a labour-law relationship or a civil service relationship pursuant to a special regulation established therewith and did not register such a person to the register of insured persons and pensioners of old-age pension saving within 7 days from the expiry of period pursuant to special regulation for registering to this register at the latest to the commencement of the inspection of illegal work and illegal employment, provided the inspection commenced within 7 days from the expiry of period pursuant to special regulation for the registration to this register (absence of timely registration in the register of the Social Insurance Company), or c) third country national and the conditions for their employment are not met pursuant to a special regulation (absence of a legal title for nationals of third countries to work on the territory of Slovakia)*

Section 2, para 3: *Illegal employment is also the employment of a third country national who resides in the territory of the Slovak Republic in contravention of a special regulation and who performs dependent work (absence of a legal title for nationals of third countries to stay on the territory of Slovakia).*

Source: [Act-No.-82_2005-Coll..pdf \(gov.sk\)](#)

ⁱⁱⁱ Košík, K (2021). Administrative sanctions applied for illicit work and illicit employment in the Slovak Republic. Slovakian presentation at Thematic Review Workshop on effective penalty measures.

^{iv} Central Register of Illicit Employment. Available at: <https://www.ip.gov.sk/app/registerNZ/>

^v Holubová, B., & Kahancová, M. (2021). Aiming high: joint forces for better prevention and control of undeclared work in Slovakia. Available at:

<https://ec.europa.eu/social/BlobServlet?docId=24051&langId=hu>