





European Platform tackling undeclared work

Inter-agency inspections to tackle undeclared work

Czech Republic

	<p>Summary</p> <p>The State Labour Inspection Office cooperates with the Labour Office and the Czech Social Security Administration to prepare and follow-up inspections to detect undeclared work and illegal employment. Inspection procedures and collaboration methods were tested in a pilot project from 2011 to 2015 and then subsequently rolled out across the country.</p>
<p>Title of the practice in original language</p>	<p><i>Efektivní systém rozvoje zaměstnanosti, výkonu komplexních kontrol a potírání nelegálního zaměstnávání v ČR" reg. č. CZ.1.04/2.2.00/11.00013</i></p>
<p>Name(s) of authorities/bodies/ organisations involved</p>	<ul style="list-style-type: none"> • State Labour Inspection Office (<i>Státní úřad inspekce práce, SÚIP</i>) under the authority of the Ministry of Labour and Social Affairs of the Czech Republic (<i>Ministerstvo práce a sociálních věcí České Republiky, MoLSA, MPSV ČR</i>); • Labour Office of the Czech Republic (<i>Úřad práce ČR, ÚP ČR</i>) – project partner funded from the project budget; • Czech Social Security Administration (<i>Česká správa sociálního zabezpečení, ČSSZ</i>) – project partner (not funded from the project budget).
<p>Sectors</p>	<p>All</p>
<p>Target groups</p>	<ul style="list-style-type: none"> • Employers involved in undeclared work (directly targeted); • Domestic and foreign workers involved in undeclared work (directly targeted).
<p>Purpose of measure</p>	<p>Deterrence: improve detection</p>

	<p>Aims and objectives</p> <p>The State Labour Inspection Office, the Labour Office and the Czech Social Security Administration aimed to develop new collaborative methods for inspections to increase their efficiency.</p>
<p>Background context</p>	<p>In the Czech Republic, several steps have been taken in recent years to address undeclared work. In 2012,</p>




European Platform tackling undeclared work

	<p>amendments to existing legislation broadened the inspection powers of the State Labour Inspection Office and its Regional Labour Inspectorates. As a single inspection authority, the State Labour Inspection Office now checks compliance among workers and employers in terms of the legality of employment, labour law and working conditions. This aims to tackle undeclared and illegal work more efficiently, while reducing the administrative burden for businesses of dealing with various authorities.</p> <p>The amended legislation also provided a detailed definition of illegal work (including bogus self-employment; the so-called '<i>svarcsystem</i>') and sanctions. Moreover, employers are obliged to keep copies that prove existing employment relations. Since 2017, this also applies for posted workers.</p>
<p>Key objectives of the measure</p>	<p>General Objective:</p> <ul style="list-style-type: none"> • Reducing undeclared and/or illegal employment of Czech citizens and third country nationals. <p>Specific Objectives:</p> <ul style="list-style-type: none"> • Increasing the efficiency of inspections to detect undeclared work and illegal work of third country nationals; • Establishing cooperation among relevant agencies when conducting inspections; • Decreasing the administrative burden for businesses.
<p>Main activities</p>	<p>The pilot project to develop collaborative inspection procedures was managed by the State Labour Inspection Office. Labour inspectors cooperate with other professionals (e.g. lawyers and managers) from the State Labour Inspection Office and partners from the Labour Office and the Czech Social Security Administration in the following way:</p> <ul style="list-style-type: none"> • Before every inspection, labour inspectors can access the relevant databases of the Labour Office, the Social Security Administration and other administrative authorities to compare employment status and social security payments. They also check received complaints and information from previous inspection results. • During the inspections, labour inspectors follow specific pre-defined steps and can also access remote databases of the Labour Office and the Social Security Administration via mobile offices (cars equipped with IT and internet connection). • After inspections have taken place, labour inspectors transfer results to the Labour Office. The Labour Office uses insights from the inspections to develop measures preventing undeclared work. For



European Platform tackling undeclared work

	<p>example, the results of inspections or sectoral information on undeclared work are communicated during meetings at the Labour Office to promote declared work among jobseekers.</p> <ul style="list-style-type: none"> • Newly hired inspectors took inspector exams and all staff were trained in the new inspection approach. There were also other training courses implemented, e.g. on communication skills. In total, 1 093 staff from the State Labour Inspection Office and the Labour Office participated successfully in the training courses.
<p>Funding/organisational resources</p>	<p>The initial project budget was EUR 31.3 million funded by the European Social Fund. Since the original project implementation period was extended by two years, i.e. to 2015, the budget was increased to EUR 36.3 million. The amount covered all project expenses, i.e. salaries, the cost of 150 mobile offices (cars equipped with IT and internet connection) and training.</p> <p>Experienced inspectors from the Labour Office and new inspectors joined the inspection department at the State Labour Inspection Office from 2012.</p>

	<p>Outcomes</p> <p>Since the implementation of the new inspection approach in 2013 and training of inspectors, there was an increase in the number of declared jobs.</p>
<p>Achievement of objectives</p>	<p>The project increased the detection of undeclared work and illegal employment of Czech citizens and third country nationals, while creating a single point-of-contact for businesses.</p> <ul style="list-style-type: none"> • In 2016, 26 620 inspections - of which 9 308 inspections targeted undeclared work - were carried out. Undeclared work was identified in 845 inspections. Compared to the situation in 2015, more illegally-employed third country nationals were identified during the inspections. • The State Labour Inspection Office imposed 3 919 penalties totalling EUR 7.8 million, of which 511 penalties totalling EUR 2.9 million were imposed for allowing the performance of undeclared work. • It is estimated that, since the implementation of the inspections, the number of declared jobs increased by 10 000i.
<p>Lessons learnt and success factors</p>	<ul style="list-style-type: none"> • The availability of mobile offices allowed labour inspectors to cooperate with other enforcement



European Platform tackling undeclared work

	<p>bodies as well as to conduct inspections in remote areas not accessible by public transport;</p> <ul style="list-style-type: none">• Labour inspectors can face physical and emotional risks, resulting in the likelihood of high staff turnover. Ways to mitigate this include increasing the overall number of inspectors and the provision of training in communication skills;• The introduction of penalties in the 2012 amended legislation increase the deterrence effect of inspections.
Transferability	<p>Factors necessary for transferability include the following:</p> <ul style="list-style-type: none">• Strong political will to institute and sustain collaborative labour inspection practices over the long-term;• Legislation to share data to identify and target inspections more effectively whilst ensuring appropriate protection is provided for personal data;• Adequate resources for the employment and training of staff to implement the system of inspections.

Further information	
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Useful sources and resources	<p>Act on Employment https://ppropo.mpsv.cz/zakon_435_2004</p> <p>Act on Labour Inspection https://ppropo.mpsv.cz/zakon_251_2005</p>

ⁱ See https://www.esfcr.cz/detail-clanku/-/asset_publisher/BBFAoaudKGfE/content/efektivni-system-rozvoje-zamestnanosti-vykonu-komplexnich-kontrol-a-potirani-nelegalniho-zamestnavani-v-cr?redirect=https%3A%2F%2Fwww.esfcr.cz%2Fvyhledavani%3Fp_auth%3D54DQ7jVz%26p_p_id%3DPortalSearchPortlet_WAR_esfportalportletapplication%26p_p_lifecycle%3D1%26p_p_state%3Dnormal%26p_p_mode%3Dview%26p_p_col_id%3Dcolumn-1%26p_p_col_count%3D1%26_PortalSearchPortlet_WAR_esfportalportletapplication_sta%3D0%26_PortalSearchPortlet_WAR_esfportalportletapplication_query%3Defektivn%2



European Platform tackling undeclared work

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