

UNDECLARED WORK

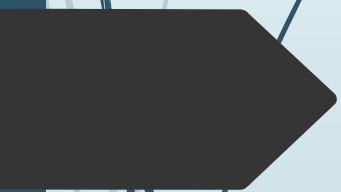


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DEFINITION



Definition (ILO)

(Employment)...which does not comply with the requirements of national laws, regulations and practice...

Employment Policy (Supplementary Provisions)
Recommendation, 1984 (No. 169)



Definition (OECD)

(Employment)...which, while not illegal in itself, has not been declared to one or more administrative authorities...

OECD Employment OUTLOOK, 1986.



Definition (ILO)

All economic activities by workers and economic units that are – in law or in practice – not covered or insufficiently covered by formal arrangements.


ILC Declaration on the Informal Economy, 2002.



Definition (EU)

...«paid activities that are lawful as regards their nature but not declared to public authorities, taking into account differences in the regulatory system of Member States»...


SPECIAL EUROBAROMETER 402 “Undeclared work in the European Union”, March 2014, p. 2.

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The definition of undeclared work has enlarged last 30 years. Recently the definition is almost cover the Shadow Economy though it is in the content of it.



***In this presentation
Undeclared Work is described
as an employment problem.***

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The reasons of undeclared work can be separately analysed by employer side and employee side of economy.



Employer Side of Undeclared Work

- ▶ Average Business Scale
- ▶ Existence of Strong Competition in Market
- ▶ High Labour Costs
- ▶ Complexity in Bureaucratic Procedures
- ▶ Incompetent Detection
- ▶ Diseconomies (unsuccessful economy policies of governments)

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Employee Side of Undeclared Work

- ▶ Untrained and Unexperienced Labour Force
- ▶ Migration-related Unemployment
- ▶ Low Level of Wages
- ▶ Poverty
- ▶ Regularly Enacted Amnesty Laws
- ▶ Diseconomies (unsuccessful economy policies of governments)

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Types of Undeclared Work

- ▶ Work without any declaration
- ▶ Work at illegal activities
- ▶ Work at a declared job but work at another undeclared second job
- ▶ Undeclared work of family members
- ▶ Undeclared work of foreigners
- ▶ Undeclared work of agricultural workers
- ▶ Undeclared work at home
- ▶ Undeclared work at virtual sectors (IT workers)



Reasons and types of undeclared work in Turkey are mostly similar with EU Countries but partly different than them.



Some Types of Undeclared Work in Turkey

- ▶ Actors, Actresses, Musicians, Composers, Writers
- ▶ Sportsmen
- ▶ Taxi Drivers
- ▶ Baby Sitters
- ▶ Underage Workers
- ▶ Undeclared Family Member Workers on Agriculture
- ▶ People who retired or receiving salary from government but still working at different job and never declare it
- ▶ Sellers in the market places
- ▶ Pedlars and tradesmen
- ▶ People who Works for one month but declares less than it

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An Interesting Reason...!

- There had been three different type of public social security system in Turkey up to beginning of 2000s. Actually, they all gathered in a general Social Security Law and all the public social security institutions were brought together under the name of SGK (Social Security Institution) but the differences still exist.
- These differences force the people in private sector to find ways to deny on social security obligations.

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To Combat Undeclared Work (International Level)

- ▶ Improve co-operation among countries' bodies
- ▶ Strong co-operation for illegal immigration and human trafficking

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To Combat Undeclared Work (National Level)

- ▶ Strong political faith to combat undeclared work
- ▶ Social Dialogue
- ▶ Co-operation among public bodies
- ▶ Integration of databases of public institutions



To Combat Undeclared Work (Market Level)

- ▶ To take care of the heterogeneity of labour markets
- ▶ To rectify social security registration and Premium payment methods by sectors and by business scales
- ▶ Micro-sized businesses and small and medium sized enterprises have to be taken into account separately
- ▶ To give special importance to agriculture sector (undeclared family members)
- ▶ To use impact-value analyses in order to estimate optimum premium rate

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To Combat Undeclared Work (In Terms of Employment)

- To simplify the procedures
- To replace hourly-wage system instead of daily (or weekly, monthly) wage
- To take care of people who works at home by themselves
- To take care of family members for household economics

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To Combat Undeclared Work (In Terms of Auditing)

- ▶ Effective General Audit System
- ▶ Cross auditing on integrated databases (for example electricity consumption and number of workers or cross audit on records between social security institution and tax offices or municipalities)
- ▶ To define risky sectors by using scientific estimation methods
- ▶ To give detection authority to other inspectors or auditors in terms of social security procedures
- ▶ To visit new businesses in order to inform about procedures before auditing



To Combat Undeclared Work (For Public Opinion)

- To support best performance
- To promote fruitful practices
- To train young students
- Awareness-raising campaigns
- To make accountants and financial advisors conscious of undeclared work
- To collaborate with chambers, professional organizations and non-governmental organizations



To Combat Undeclared Work (In Terms of IT)

- ▶ To become prevalent of e-State practices
- ▶ To set **Registered e-Mail System** and to give a registered e-mail to every citizens and non-citizens or residents and non-residents for e-Registration, e-Declaration, e-Notification, e-Confirmation, e-Reconcilement operations
- ▶ To use IT on auditing (The estimation of cultivated areas are calculated by Google maps in Spain)



Thanks for Your Care...