

APENDIX 2. EXAMPLES OF INTERNATIONAL COOPERATION IN THE FIGHT AGAINST UNDECLARED WORK AND SIMILAR AREAS⁵⁸

At the moment, there is no network or an organization which meets entirely the criteria of the European or international cooperation in the fight against hidden economy. However, the cooperation is carried out through different commissions and/or networks studying other areas related to hidden economy, such as tax frauds, illegal migration, labor inspectorates, preservation of rights to receiving social security benefits when changing one's permanent residence in Europe, providing for the employees on business trips abroad, etc.

1. Administrative Commission on Social Security for Migrant Workers – CASSTM

One of the most common reasons for the low mobility of workers in Europe is people's unwillingness to move to another Member State because they fear they and their families will lose their social security benefits. This is why EU legislation allows national authorities to take measures to guarantee the social security rights of migrant-workers and the people, who are under their custody.

The Administrative Commission on Social Security for Migrant Workers consists of one representative from the government of each Member State. When necessary, its work is supported by expert advisors. The Commission aims to encourage and develop the cooperation among Member States in the field of social security with a view of modernizing the procedures of information exchange among institutions and speeding up the provision and payment of benefits. The decisions taken by the Commission include the creation of a common framework of data collection on retirement payments, as well as technical specifications in support of the introduction of the European Health Insurance Card.

2. Comet

Comet is a web-based informational and coordination network of the offices of management of migration processes in the Member States. It is used for the exchange of information on illegal migration flows. The European Commission is in charge of the maintenance of the network.

⁵⁸ Source: Empirical Report to the project "Feasibility Study on Establishing a European Platform for Cooperation between Labour Inspectorates, and Other Relevant Monitoring and Enforcement Bodies, to Prevent and Fight Undeclared Work", Regioplan, February 2010. In order to prepare this report, the Center for the Study of Democracy coordinated the experience studies of the cooperation against undeclared employment in South and Central Europe.

3. EUROFISC

EUROFISC was created by the EU Economic and Financial Affairs Council, aiming to enhance the cooperation among Member States in their fight against VAT frauds. It functions as an early warning system, facilitating the information exchange on individuals, who are suspected of having committed fraud. The purpose is to quickly identify the fraud cases and swiftly get the information to the respective taxation authorities.

4. VAT Information Exchange System – VIES

When the Common Market was established on January 1, 1993, the fiscal customs control on the internal borders of the EU was lifted, and a new VAT control system was introduced for the trade within the Community. The most significant benefit from it was a decrease in the administrative burden on enterprises, by eliminating 60 million customs documents annually. According to the EU VAT system, commodity deliveries within the Community are VAT-free for the Member State that sends them, when commodities are to reach a taxable person in another Member State. VAT is calculated and reported only in the importing country at the point of arrival of the commodity. Each taxable person, who executes these deliveries, needs to be able to check easily and quickly whether their clients in another Member State possess a valid VAT identification number. This is why each taxation administration maintains an electronic database, containing information on traders' registration according to VAT. A VAT information exchange computer system was established (VIES), which is to secure the data flow across the internal borders of the EU. The European Commission maintains this database and provides access to it to taxable persons, who execute inter-community deliveries and must check their clients' VAT identification numbers.

5. Intra-European Organisation of Tax Administrations – IOTA

The Intra-European Organisation of Tax Administrations is an intergovernmental non-profit organization, which provides a forum to Member States to improve their tax administrations. The Organization was founded during the Third Conference of Tax Administrations of Central and Eastern Europe and the Baltic Countries (Warsaw, October 28 – 30, 1996). It consists of 44 members from the tax administrations of Europe and Kazakhstan. Its mission is supporting the discussions of practical issues, encouraging cooperation among tax administrations in the European region, and enhancing their development in accordance with their individual needs.

6. Senior Labour Inspectors' Committee – SLIC

The Senior Labour Inspectors' Committee was set up by Decision of the European Commission on July 12, 1982. Its aim is to provide statements by the Commission on all issues related to Member States' adoption of the right of the Community to health protection and safe labor conditions. It must be taken into consideration that not all countries in the European economic area are Member States. Norway and Iceland are observers, as well as Cyprus, Slovenia, Romania, Lithuania, the

Czech Republic, Latvia, Poland, and Slovakia. The Committee consists of two representatives of the inspection services from each Member State. They meet every six months, encouraging the information exchange among the respective national organs. The purpose is to achieve common principles of inspection in the area of professional health and labor safety.

7. Committee of Experts on the Posting of Workers

The Committee was set up by Decision 2009/17/CE of the European Commission. It works with the social control organs (for example, the labor inspectorates), engaging social partners in its activities, especially in the sectors with high frequency of posting workers. The Committee of Experts supports and assists Member States in identifying and exchanging, good practices of information exchange and in the practical application of legislation related to workers' posting. It also closely monitors the advancement in the access to information and the administrative cooperation. The Committee analyses the practical issues of transborder control legislation, aiming at the solution of current problems, the adoption of the existing legal instruments, as well as improving the cooperation among Member States. The Committee was founded by experts representing national organs. Each Member State appoints two representatives to the Committee. Each one of them may choose two deputies.